GREEN RESOURCES

2015/2016 ACCOUNTS AND DIRECTORS REPORT

(For the Financial Year 01.07.2015 – 30.06.2016)

Directors' Report 2015/16

Dear Shareholder,

FY 16 has been a challenging year for Green Resources (GR); with several major events identifiable as defining the transition of the company from plantation manager to a fully vertically integrated wood products business. The most important of these was the successful award of a major contract in Tanzania to provide utility poles to Tanesco, delivery against which has now begun. This contract will generate positive cash flow and will improve the foundation for industrial business in Tanzania. This contract will be fulfilled with poles harvested from both internal and external sources.

Green Resources have now fully integrated the former GSFF operations and are planning for the first major industrial investments to extract value from the Chikweti plantations, which begin harvesting in FY 17 - FY 18. The first trial harvesting from these plantations has proved successful.

Refinancing of the mezzanine debt with the development finance institutions on to improved terms is ongoing and would represent a fundamental shift in the financing structure of the company when completed. The agreed terms of the new mezzanine debt are such that the interest rate charged is reduced by up to 500bps lower than previous terms and the duration of the loan will be substantially prolonged.

Green Resources has not increased the establishment of new forest estates; this has been done to focus on the harvesting and industrial operations and to conserve cash. Accounting for harvesting, losses and other changes, the total net planted area decreased to 41,331 ha, however by focusing on increasing growth rates and silvicultural intensity the Company believes it may harvest more volume early, improving cash flow in the longer term.

YEAR IN REVIEW

Green Resources Group reports total revenues of USD 12.6m in the fiscal year ending 30 June 2016 (FY 16), revenues defined as industrial sales and other operating income but excluding BAV gains/losses (FY 15 USD 17.6m). Industrial (Wood Products) revenues for FY 16 were USD 11.1m, disappointingly down 32% compared to the prior year (FY 15 USD16.4m). Revenues fell due to a combination of factors; restricted working capital impacted the production from Sao Hill resulting in an inability to meet the high demand for sawn timber. Utility pole sales are historically dominated by orders from Tanesco and their contractors, who delayed the start of delivery against their pole contract from FY 16 into FY 17, seriously affecting the sales volumes. Demand for utility poles in Uganda was impacted by the political upheaval as a result of the general election. This caused uncertainty around Government budgets for infrastructure expansion, and no new major tenders from UMEME were issued. Following the new budget, published in May, the next few years should see an improvement in poles revenues. FY 16 saw the introduction of a new sawmill in Jinja, the Woodmizer sawmill has capacity to produce 25,000m3 sawn timber pa, with the newly opened sales yards in Kampala and Jinja, providing new routes to market for our pine.

Group industrial EBITDA was USD 0.6m, down from USD 1.6m the year before. The Group industrial EBITDA margin of 5% was short of what we expect from our wood products business in East Africa. Profitability in Tanzania has decreased from 6% the previous year; due to lower sales of timber and poles. Sawn timber production did not meet demand. The mills are still being operated well below capacity, due to low levels of, working capital, too few sawlogs being harvested, mechanical issues and power outages.

Profitability is still acceptable in Uganda (EBITDA margin 27%), this is in line with the prior year (28%). The depreciation of the Shilling relative to the USD in FY 15 has not abated and the effects on the margin are still being seen. Reduced demand and pricing on utility poles has impacted the sales, where prices are effectively set in UGX by the market setter. The addition of the Woodmizer sawmill during the second half of the year has reduced the relative dependence on the pole market to support the margin, however sawn timber sales are yet to match the potential output from the mill. The barriers to enter the market are low, as such low quality low price product dominates.

Plantation operations reported a cash EBITDA of USD 1.4m (FY14 USD -9.5m), exclusive of the fair value movement in the biological asset value. The improved EBITDA was driven by lower expenditure on the plantations. In addition, after appraisal by an external valuer, the biological asset value has been reassessed from USD 166m at 30 June 2015 to USD 151m at 30 June 2016, a decrease of 32%. Of which, USD 6.4m is available for harvest in FY 17. Harvesting revenues for the year was USD 1.8m (FY15 USD 1.2m).

The Group reported a net loss of USD 58.8m for FY 16, compared to a net loss of USD 48.1m in FY 15. The loss included a write down of biological asset values of USD 26.3m.

FOREST PLANTATIONS

Plantation expansion

At the start of the year, Green Resources decided to halt any new plantation establishment for a 3-year period. Planting activity was therefore limited to the replanting of harvested areas only, which amounted to some 552 ha during the year. No further plantation acquisitions were made in 2016.

Total plantation write-offs or losses during the year amounted to 3,077 ha. Fire damage accounted for 65% of these losses, with more than 90% of the fire damage occurring in Mozambican operations. The high losses in Mozambique can be partly ascribed to:

- The development of the first substantial El Nino weather pattern for five years, which typically leads to hotter and drier conditions than normal in southern Africa. The fact that Niassa still experienced fire losses in January 2016 is indicative of these extended dry conditions.
- Weed control was behind schedule, and tall grass contributed to high fuel load in many areas.

By contrast, fire losses in Uganda and Tanzania were at record low levels. Delineation and remapping resulted in a small gain of 91 ha, but write-offs of failed plantings amounted to 1,159 ha. Again, the majority of these write-offs were in Mozambique. After considering these write-offs/losses Green Resources' total planted area at the end of the year was 41,331 ha – a 6% decrease from 44,064 ha in 2015.

Improving silviculture

Green Resources has significantly increased its efforts to improve future planting material, by producing faster growing clones in its nurseries and expanding its seed and clonal purchase program to ensure that higher quality plant material is obtained. In addition, Green Resources is a member of Camcore, which has provided valuable planting material and information to Green Resources to improve the quality of its plantings through its research and its trial programs. Growth rates for eucalyptus and pine, historically the main commercial tree species that have been grown in East and Southern Africa, are 10-35 m3 per ha per year (MAI), depending on location, species and plantation management. During the year Green Resources commissioned an independent review of its tree growth and yield by Poyry, which concluded that weighted average growth rate in existing plantations is 15.2 m3/ha/yr for pine and 22.3 m3/ha/yr for eucalyptus, still short of the full biological potential for these species in East Africa.

GR's FSC 2015/2016

GR is an African leader in sustainable forest management, with 56% of all FSC-certified plantation FM/COC forest outside of RSA and Swaziland. GR is the only company with FSC certification in three countries: Mozambique, Tanzania and Uganda. GR's first FSC certificate was obtained in 2008 in Tanzania. This was subsequently expanded to 4 certificates, however the Lurio certificate (FSC-C110223) was suspended with effect from 10th May 2016 following major CARs being raised in the last surveillance audit, and so currently only 3 certificates are valid. These cover some 20,112 ha – or 49% – of GR's net planted area.

FSC Certification 2016

Country / Region	Total Plantation area (ha)	FSC Licence Number	Net Planted Area covered by licence (ha)	Percent of Plantation FSC Certified
Tanzania	17,241	FSC-C015169	11,026	64%
Uganda	6,428	FSC-C106074	6,428	100%
Mozambique				
Niassa Green Resources	2,658	FSC-C107952	2,658	100%
Niassa GSFF	12,500	N/A	-	0%
Lurio Green Resources	2,504	FSC-C110223	-	0%
Total	**41,331**		**20,112**	**49%**

The proportion of non-certified forest area within GR increased significantly following the 2014 acquisition of GSFF and FdP (which currently account for 71% of the total planted area in Mozambique). Efforts to get these areas certified unfortunately have been delayed, and will now take place in 17/18. A plan for certification of these areas has been developed and is being implemented.

GR reports on its FSC certification on a calendar year due to the timing of the audits. Ongoing surveillance audits during 2016 resulted in GR receiving 31 Corrective Action Requirements (CARs), compared to 29 in 2015 and 50 in 2014. The Group continues to see positive benefits from FSC certification, and the goal for GR to achieve 100% FSC certification of its plantations over the coming years remains a key focus.

WOOD PRODUCTS

Industrial (Wood Products) revenues for FY 16 were USD 11.1m, disappointingly down 32% compared to FY 15 (USD16.4m). Revenues fell due to a combination of factors; restricted working capital impacted the production from Sao Hill resulting in lower levels of timber to meet the high demand for sawn timber. Utility pole sales are historically dominated by orders from Tanesco, who delayed the start of their pole contract from FY 16 into FY 17, affecting the sales volumes. Demand for utility poles in Uganda was severely impacted by the political upheaval as a result of the general election causing uncertainty around Government budgets for infrastructure expansion. FY 16 saw the introduction of a new sawmill in Jinja, the Woodmizer sawmill has capacity to produce 25,000m3 sawn timber pa, with the newly opened sales yards in Kampala and Jinja new routes to market for our pine. Foreign exchange movements impacted revenues; 20% reduction in the average YoY TZS/USD rate and a 19% reduction in the UGX/USD rate.

The pole business underperformed during FY 16. In Tanzania, the poles business struggled as a result of the low levels of orders from Tanesco and the associated contractors. There was a 72% decrease in sales volume, with only 8,722 poles sold during the year. They key contributing factor was the delay in the start of the order, which as of the end of FY 17 Q1 has delivered double the full sales from FY 16. There was a 25% decrease in sales volumes from Uganda. New contracts are in place for the coming year and sales growth is anticipated, even if there were significant delays in starting the deliveries on some of these contracts.

Sawn timber sales are down from the prior year, restrictions on working capital reducing the availability to buy saw logs for the sawmills in Tanzania, with production decreasing by 20% to 29,000m^3. The introduction of the new sawmill in Uganda saw a doubling in saw production and a 14% increase in sales volume.

Pallets, which are produced from the side boards from the saw logs, continued to develop well and saw unit sales increase by 2x.

OPERATING ENVIRONMENT

Historic strong economic growth tempered by commodity prices

Africa has developed rapidly over the last decade, with economic growth highest in Eastern and Southern Africa. Mozambique, Tanzania and Uganda have been at the forefront of this development. The IMF World Economic Outlook from April 2016 stated that growth in sub-Saharan Africa in 2016 and 2017 will not be as strong as had been witnessed in the region over the past ten years. For East African countries, the projected change in GDP has deviated from previous expectations by less than 1% as such; it expects strong growth to continue in these countries. Forecasts indicate that there will be an average growth in GDP for 2017 of 6.9% in Mozambique, 6.8% in Tanzania and 5.7% in Uganda although from a low base.

FY 16 H1 saw a collapse in commodity prices globally, impacting the growth potential of natural resource dependent developing nations globally. For example, a significant proportion of Mozambican GDP is generated from the export of Aluminium and low grade coal, both of which saw large price decreases during the first half of the year. Whilst this is the case, all three of the countries in which Green Resources operates are net crude oil importers, so have been somewhat shielded from the full impact of the slump in Brent Crude prices in FY 2016. This has resulted in a slowdown in the exploratory investments being made into the large off-shore gas reserves in Mozambique and Tanzania.

After the significant devaluation of all three currencies against the USD in FY 2015, fluctuations have been more stable for Uganda and Tanzania during FY 2016. UGX depreciated by 1.7% in the year 30 June 2015 to 30 June 2016 and TZS depreciated by 6.0%in the same period. Mozambique has suffered further major depreciation following the non-disclosure scandal with the IMF regarding their external debt and a delay in tightening monetary policy. The scandal resulted in suspension of aid from a number of bilateral partners. As such, the MZN has depreciated by 78.9% in the year 30 June 2015 to 30 June 2016.

Infrastructure Investments

There are significant infrastructure investments in Northern Mozambique. The Nacala corridor railroad, key to the Lurio project, was upgraded and the line from Cuamba to Lichinga, where our Niassa plantation is located, has now been completed. Vale completed its pier for Cape sized carriers at the Nacala port, and the upgrade of the old harbour has commenced. In Mozambique, as well as in Tanzania and Uganda, most of GRs forests have mobile telephone coverage.

The most recent budget submitted by President Magufuli in Tanzania has seen a shift from current to capital spending. Two of the new projects identified in the budget that will provide opportunities for GR will enable faster routes to export markets. The first, the upgrade of the train line from Dar to Zambia, which runs past Sao Hill and the plantations, the second, is a planned mega-port North of Dar es Salaam by the China Merchants

The 16-18 budget was signed off by the Ugandan government in June following the successful general elections, within it there have been identified a number of electrification projects, with requirements for investments in transmission lines. These investments will drive renewed orders from UMEME and GR expect an upturn in pole orders as a result over the course of the next few years.

INVESTMENTS AND FINANCING

Investments

Investments were USD 8.2m in the year to 2016, compared to USD 14.3m in 2014/15. Purchases of biological assets was the main type of investment during FY 16 with an expenditure of USD 4.3m (USD 7.8m in 2014/15). There were no major industrial investment in the year.

Plantations investments accounted for the largest part of GR's investments in 2015/16 and reached USD 4.3m (FY 15 USD 7.8m) which was related to GR's 552 ha re-planting in 2016. Tanzania's Southern Highlands (GRL) invested USD 1.4m, accounting for 34% of the total, compared with 33% in FY 15. The plantations in Mozambique received USD 2.0m, accounting for 49% of the total, compared with 32% in FY 15. BFC in Uganda received USD 0.7m, 18% of the total.

Loan Financing

There were no disbursements from existing loan agreements during the year to June 2016. Finance leases were taken out for small scale investments in motor vehicles and for the investment into the new Woodmizer sawmill in Uganda. The company received USD 8m of shareholder loans during the year which were to the extent possible converted to equity during the rights issue in August 2016, with the remainder repaid from the proceeds of the rights issue. Net debt at 30 June 2016 was USD 71.0 million (FY15 USD 53.3m). Refinancing of the mezzanine debt has been on-going, with expected drawdown of the remaining USD 6.5m to occur in FY 17.

ESG & IMPACT

Green Resources AS believes that strong environmental and social governance should form the cornerstone of a successful business model for any company operating in the forestry and wood products business. In order to drive financial growth and to benefit the communities in which it operates, Green Resources integrate best practice standards and operations throughout the group.

Significant Social Impact

GR has made significant strides in achieving its social impact goals. Fundamentally these goals are to have a positive environmental, social and economic impact in the regions in which it operates. GR believes that effective ESG is necessary to ensure the long-term success of the company as it is reliant on the natural environment for its products and the local communities for its labour. As such, the maintenance and improvement of these is key to operating effectively and will ensure the long term success of both the organisation and the communities in which it is embedded.

Through FY 16 Green Resources has contributed significantly to community development projects. In Tanzania these have included, the construction of pit latrines at Chogo primary school, pit latrines, two classrooms and an office at Kitete primary school, pit latrines and two classrooms at Kihata primary school, duplex teachers houses at Igenge primary school, a dispensary at Lole village, and village government offices & community halls at Makungu and Uchindile.
In Uganda construction projects have included, pit latrines at Lwanika primary school, borehole construction at Luwerere village, provision of medicine to Nkombe and Bukatube Health Centres, and the grading of 40km of roads. In Mozambique, Green Resources constructed 6 boreholes in two districts in the Nampula province. These development projects are tangible effects of Green Resource's relationships with its communities and are key to the company's continued integration into the

fabric of local society.

Tree planting program

GR has promoted and implemented tree growing among communities across its operations in Tanzania, Uganda and Mozambique. In FY 16, GR supported 653 tree growers in the communities and 10 institutions with seedlings (476,197 seedlings in Mozambique and 30,000 in Uganda) and technical assistance. These allow for the establishment of 455ha of woodlots.

Agricultural Support

GR has also worked with a number of farmers in, Mozambique through an agricultural program reaching a record of 1,202 farmers in FY 16. GR has provided seeds to 1,097 producers with over 495ha of crops in Nampula, and 105 farmers with 52.5ha of crops in Niassa. Crops grown have included soya beans, gram green, beans, sesame and maize. These projects have helped the farmers meet their own demands for food, thus addressing food security challenges, as well as generate income through the sale of excess produce. Through the agricultural programs, GR has helped improve farming techniques amongst the communities surrounding its plantations, and it has helped farmers package and market their goods.

Right to Have Rights

GR in collaboration with UNICEF and the Swedish Embassy embarked on a three year ID program to enable members from the surrounding communities have their births registered and thus able to obtain Identity Cards. This is important for persons in these communities as they are able to establish their identity, citizenship and family ties a legal process which leads to other benefits including being able to open a bank account and access the social security system, and simplify employment among other things. Over FY 16, the project registered 36,680 births and 14,658 IDs were issued. To date the project has registered the births of 57,916 individuals, and issued 20,401 ID cards.

Environmental effects

Over the past five years, Green Resources' subsidiaries in Uganda, Tanzania and Mozambique have expanded in scale; introducing new industrial processes ranging from high tech saw mills to briquetting plant. As a result there has been increased product production, staff and fleet. This expansion is associated with increased carbon footprint requiring a proactive approach in monitoring Greenhouse Gas (GHG) emissions. Monitoring of Green House Gas (GHG) emissions is done using the FICAT system (based on the Intergovernmental Panel on Climate Change (IPCC) and the World Resources Institute (WRI)/ World Business Council for Sustainable Development (WBCSD) Green House Gas Protocol. In 2015/16, GR has net sequestrated more than 692,036 tonnes CO_2. The company is committed to ensuring that it curbs its own GHG emissions, and where possible, reduces them.

Third party audits

GR is committed to complying with National legislation and internationally recognized standards, conventions and guidelines related to its business. Such standards include and are not limited to; FSCTM for forest management, ISO 18001 for environmental management, 14001 for occupational health and safety and 9001 for quality assurance, IFC performance standards, International Labor Organization (ILO), CCBA, VCS, Gold Standards and CDM; ITTA and IUCN guidelines on prevention of biodiversity losses caused by alien species.

FY 16 saw GR operations maintain all its FSC and ISO certificates with the suspension of one FSC certificate in Lurio GR Mozambique. Other operations have showed tremendous improvement as can be seen in the reduction in number of Corrective Action Requests.

EMPLOYEES AND ORGANISATION

Total Headcount as at 30 June 2016 was at 2581 (permanent and seasonal). 14% of permanent staff are female while the percentage of female among temporary employees stands at 19%. Permanent employee's average headcount for the year to June increased by 7% from 1,277 in FY 15 to 1,370, however there was an overall reduction of 33% in total headcount (permanent and temporary employees). Sick leave in the year was not material, it did not have a significant impact on the company financial statements.

Key Highlights during the financial year included; New CEO Erik Knive started 1 May 2016; Board approval of transfer of Green Resources HQ from London; implementation of a grievance reporting mechanism across the group; training on anti-corruption and bribery in Uganda and Tanzania; Updated Employee Handbook published in February 2016.

Management Changes

The key management change during FY 16 was that of the group CEO. After more than 8 years running the company, Mads Asprem stepped down from his role as CEO and took a directorship on the Board. Erik Knive was appointed new Group CEO effective 1 June 2016. Operational turnaround has started with the relocation of the head office from London to Dar Es Salaam to be finalised by the end of H1 FY 17.

Training & Development

GR employees have undergone over 100 training and awareness programs during FY 16. The topics covered have been ranging from systems management, certification and stakeholder management to company policies. Greater focus has been put on training related to health and safety awareness and training. Safety continues to be of paramount importance to GR and EHS training and awareness programs are ongoing. Across all three countries training covered a range of safety topics including; root cause analysis, hazards and aspects awareness, emergency response procedures, basic firefighting, first aid, fire safety, and the use of PPE. In addition, all new employees and contractors have an EHS induction. Other training included technical trainings to improve performance management, labour Laws and Disciplinary procedures, Alcohol testing procedures, FSC training, operations training and stakeholder engagement and communication.

OHS & Accidents

Regrettably there was a fatality during the fiscal year, on site at the Sao Hill Industrial site. As a result of the accident a full review of health and safety procedures, though extensive efforts made internally to investigate and identify the failings. The findings recommended a number of corrective and preventive actions to be undertaken on an immediate basis.
These corrective actions included, development and enforcement of maintenance and repair procedures, additional staff training for both maintenance and operation of equipment, servicing of all related equipment, disciplinary action where and if appropriate.

2015/16 ACCOUNTS

Income Statement

Green Resources generated group industrial revenues of USD 11.1m in the year to 30 June 2016 (FY 15 USD 16.4m) and negative net group revenues of USD 13.7m after loss from biological asset value (FY 15 USD 16.1m positive). The group recorded an operating loss of USD 32.0m compared with an operating loss of USD 20.5m in the year to June 2015, and a net loss of USD 58.8m versus a loss of USD 48.1m in the year to June 2015. Industrial sales in FY 16 were USD 11.1m vs USD 16.4m in the year to June 2015. Uganda industrial revenues accounted for USD 2.6m (FY 15 USD 3m) and Tanzania operations USD 8.5m (FY 15 USD 13.4m).

The industrial operations in Uganda recorded a profit of 0.4m. In Tanzania the industrial operating loss in FY 2016 was USD 2.5m, compared to a loss of USD 1.9m in 2015. Financial costs were USD 23.5m in FY 2016, compared with costs of USD 17.3m in FY 2015. Currency losses accounts for USD 14.2m (June 2015: 9.1m) of that, whilst interest and other financial costs were USD 9.3m (June 2015: USD 8.2m) as a result of higher levels of unsecured debt throughout the year as compared to FY 2015.

Total cash investments were USD 8.2m in the financial year ended June 2016, compared to USD 14.3m in the year ended June 2015. Investments during the year were made up of purchase of property, plant and equipment of USD 2.2m (June 2015: USD 5.2 m), land acquisition costs capitalised during the year of USD 1.8m (June 2015: USD 1.5m), and direct planting costs of USD 4.3m (June 2015: USD 7.8m).

Balance Sheet

Group shareholder equity decreased from USD 139.9m in June 2015 to USD 85.2m at the end of June 2016. Other equity was USD 4.6m at the end of June 2016, unchanged from June 2015. Borrowings increased to USD 71.1m at the end of June 2016, compared to USD 56.7m at the end of June 2015 as interest was accrued on the mezzanine loans and shareholder loans of USD 8.7m were in place at year end. Green Resources continues to have a senior secured loan for its Tanzanian operation and various smaller lease and working capital facilities.

Cash deposits were USD 0.33m down from USD 3.8m at the end of June 2015, implying net debt of USD 71.0m versus USD 53.3m at the end of June 2015. Cash decreased year on year due to the funding requirement of the operations. Cash flow from operations departs from operating profit because of depreciation (USD 3.8m) and losses from growth in the biological asset valuation (USD 26.3m), plus changes in working capital (USD 3.1m).

The mezzanine debt was reclassified as short term debt in FY 16 on the basis that certain existing covenants in the loan agreement were breached as of 30 June 2016.

The financial statements are presented using the going concern assumption and the Board confirms that this assumption is valid for both Green Resources AS and the Group as a whole, though the company needs to obtain external financing on a regular basis to continue plantation operations and investments at current levels.

Biological Asset Value (BAV)
Green Resources obtained an independent biological asset valuation of the forestry plantations as of 30 June 2016 in accordance with International Accounting Standards (IAS) 41. Reference is made to Note 9.

The BAV at 30 June 2016 is estimated to be USD 150.1m, of which USD 3.0m are classed as current assets available for sale. Net losses from BAV included in the income statement were USD -26.3m which includes write downs at the Chikweti (USD 15.5m), Highlands (USD 9.2m) and Lurio (USD 4.9m) plantations, and improved fair value at Busoga (USD 6.2m) and Florestas de Planalto (USD 2.5m).

The key drivers to the reduction in BAV are price & product mix and adjustments to plantation area. The independent valuers applied a more disaggregated pricing model to the harvested wood, with a greater variation in terms of end market and product. Pricing was updated to take in to account actual sales prices achieved during 2016 and where there was no current data such as in Mozambique, then Tanzanian prices were used as a proxy. The expected mix of products that could be achieved from a stand were also adjusted, with a greater weighting to higher value products, counteracting some of the decrease in product price. Adjustments to the plantation area were as a result of losses incurred through fire. There was a small increase in the plantation area through the delineation process; however, the net change affected the BAV negatively.

In FY 15, GR management commissioned a study to calculate appropriate discount rates to apply to the valuation of the plantations in each of the jurisdictions in which GR operates, these rates are broadly in line with the rates used at year end FY 16. The discount rates applied to the valuation in FY 16 have been calculated by the independent valuers, Tanzania 11.7% (FY 15 11.4%), Mozambique - Niassa 12.6% (FY 15 12.5%), Mozambique - Lurio 12.6% (FY 15 12.0%), Uganda 11.8% (FY 15 11.4%).

The Board voted in favour of the independent valuation at year end.

GREEN RESOURCES AS

Green Resources AS is incorporated in Norway as a private company with limited liability. Revenues were NOK 5.3m in the year to June 2016 (FY 15 NOK 9.7m), whilst operating costs were NOK 89.9m (FY 15 NOK 18.4m). Net financial costs were NOK 88.8m (FY 15 138.2m). There was a net loss NOK 277.5m in the year to June 2016 (FY 15 NOK 184.6m). The Board recommends that the loss for Green Resources, the holding company, of NOK 277.5m is covered from other equity. Green Resources had NOK 742m of equity at the end of June 2016 (FY 15 NOK 1010m), of which distributable equity was nil. The group recorded a loss of USD 58.8m (FY 15 loss of USD 48.1m) and has USD 85.2m (FY 15 USD 139.9m) of equity.

FINANCE, MARKET AND OPERATIONAL RISK

Green Resources operates across multiple markets and is exposed to a range of commercial, financial, regulatory, operational and political risks that may adversely affect its business. Financial risks include interest rate and exchange rate risks. Furthermore, Green Resources will continue to operate and potentially establish large areas of plantations and will require from time to time additional financing to fund the activities that may or may not be forthcoming. The company is exposed to a wide range of regulatory risks, ranging from changes in international regulations and certification schemes for forestry, carbon and other parts of the operations, to the local implementation of national laws and regulations. Operational risks includes a variety of silviculture risks, fire risk and health and safety risks, in addition to risks normally associated with industrial and transport operations. Political risks in Africa are often raised as an issue, but have historically created fewer problems within East Africa, while international campaigners against forestry in particular and private business in general have created larger problems. Risk assessment is an integral part of the company's business functions and the overall consolidated risk is subject to review by the Board.

OUTLOOK FOR 2016/17

The focus for FY17 is identifying a clear path to cash generation, as well as building a platform for harvesting from our own plantations. The new management team that are now located in Dar Es Salaam, including the group CEO, have extensive experience in industrial operations, with key hires focusing initially on improving both production and sales from existing operations. The Chief Operating Officer (Jarl Kosberg) joined the company in October and will be identifying opportunities to improve the industrial operations. The company has identified a need to recruit a Chief Commercial Officer in FY17, whom will primarily be focused on sales and marketing across the group. This focus on improving profitability and cash flow from down-stream investments in harvesting and wood products will ensure that the Company can process and sell the increased amount of forest that is maturing over the coming years.

The company will not plant any new areas in 2016/17, but will replant the areas that have been harvested during the previous 12 months. This will conserve cash in the short term whilst the business focuses commercializing its output but in the long term, new planting may represent attractive returns and Green Resources may consider to resume planting. The short term investment in the plantations will be to maintain and protect the existing forests to ensure the asset can be harvested for maximum value at maturity.

Green Resources is currently assessing the options for the Lurio project in how to maximize value for shareholders in the short term. The various alternatives will be reviewed during this financial year and the optimum course of action will be taken.

A new and revised Long-term Plan will be presented to the Board and the development banks that provide the mezzanine debt. The new equity of USD 20m raised in August 2016 by issuing 170m new shares, contributes to the long term plan funding. There is a remaining USD 6.5m to be disbursed by the mezzanine lenders which is expected to take place after the consolidated financial statements have been approved.

Due to the current phase in Green Resources growth, there still remains a high requirement for financing in each country to fund working capital and capital expenditure investment over the next few years. This will likely require additional funding from shareholders or outside sources.

28th November 2016

Age Korsvold
Chairman

Mads Asprem

Frode Alhaug

Heinrich Groeller

Erik Knive, CEO

GREEN RESOURCES CONSOLIDATED ACCOUNTS 30 June 2016

Consolidated income statement

		USD millions				
		Year ended	Year ended	Year ended	6 months ended	Year ended
	Notes	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Sales		11.13	16.36	17.85	6.28	10.17
Other operating income	21	1.51	1.21	1.37	1.87	1.51
Total revenues		12.64	17.56	19.22	8.14	11.68
Loss from biological asset value	9	-26.29	-1.51	2.46	10.96	7.19
Cost of sales	3,4	-6.05	-10.88	-12.71	-5.28	-8.68
Industrial admin	4	-5.62	-7.00	-7.20	-1.27	-2.32
Plantation indirect costs	4	-2.90	-14.06	-8.20	-4.02	-7.52
EBITDA		-28.22	-15.89	-6.42	8.54	0.35
Depreciation	7	-3.79	-4.63	-4.14	-1.69	-2.47
Operating profit	3	-32.01	-20.52	-10.57	6.84	-2.12
Interest income/(expense)	5	-9.35	-8.16	-5.57	-1.86	-1.99
Currency gains/(losses)	5	-14.18	-9.13	-0.89	-0.84	-2.45
Other finance cost	5	0.00	0.00	0.00	0.00	0.01
Profit before tax		-55.54	-37.81	-17.03	4.14	-6.55
Tax (charge) / credit	6	-3.29	-10.24	-2.85	-3.44	-1.64
Net profit		-58.83	-48.05	-19.88	0.71	-8.19

Consolidated statement of comprehensive income

	Notes	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Net profit		-58.83	-48.05	-19.88	0.71	-8.19
Currency translation differences		3.05	-7.31	-4.20	3.12	-9.00
Other adjustments		0.00	0.00	0.00	0.00	0.00
Total comprehensive income for the year		-55.78	-55.36	-24.08	3.83	-17.19

Consolidated balance sheet

	Notes	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
				USD millions		
Non-current assets						
Property, plant and equipment	7	18.60	26.32	31.57	23.17	24.47
Land	8	17.58	29.31	32.08	12.46	9.50
Biological assets	9	147.56	162.65	184.43	113.63	100.06
Other investments	10	1.38	1.52	2.54	1.97	1.44
		185.12	219.81	250.61	151.22	135.47
Current assets						
Inventories	11	7.99	7.69	5.04	3.73	4.37
Receivables and prepayments	12	4.32	6.64	10.15	5.87	4.17
Cash and cash equivalents	18	0.33	3.83	16.30	2.39	2.20
		12.64	18.16	31.49	11.99	10.74
Total assets		197.76	237.97	282.10	163.21	146.21
Capital employed						
Share capital	13	66.90	63.00	52.93	37.29	37.29
Share premium		158.35	157.43	155.91	69.75	69.75
Advance towards share capital	13	0.00	3.70	0.00	5.79	1.63
Translation reserve		-27.53	-30.58	-23.27	-19.08	-22.20
Revaluation reserve		3.35	3.35	4.94	1.55	1.76
Other equity		4.60	4.60	4.60	4.60	4.60
Retained earnings		-120.47	-61.65	-13.59	4.54	2.27
Shareholders' funds		85.18	139.86	181.51	104.44	95.10
Non current liabilities						
Borrowings	14	1.46	7.50	47.91	27.14	22.35
Deferred tax	15	27.73	28.59	22.54	21.24	17.68
Other long term liabilities		0.21	0.45	0.22	0.00	0.97
		29.41	36.55	70.67	48.37	41.00
Current liabilities						
Trade and other payables	16	13.09	11.90	24.93	6.15	6.47
Short term loans	14	69.61	49.21	4.19	2.85	2.32
Bank overdraft	18	0.47	0.44	0.80	1.38	1.32
		83.18	61.56	29.92	10.39	10.11
Total liabilities		112.58	98.10	100.59	58.76	51.10
Total equity and liabilities		197.76	237.97	282.10	163.21	146.21

28th November, 2016

Age Korsvold
Chairman

Frode Alhaug

Mads Asprem

Heinrich Groeller

Erik Knive, CEO

Consolidated cash flow statement

	Notes	Year ended 30-Jun-16	Year ended 30-Jun-15	Year ended 30-Jun-14	6 months ended 30-Jun-13	Year ended 31-Dec-12
		USD millions				
Profit before taxation		-55.54	-37.81	-17.03	4.14	-6.55
Adjustment for non-cash income items						
Depreciation	7	3.79	4.63	4.14	1.69	2.47
Disposal adjustment	7	0.43	0.22	0.00	0.00	0.00
Gains/loss arising on changes in fair value of biological assets	9	26.29	1.51	-2.46	-10.96	-7.19
Write back of Sao Hill Energy write off		0.00	0.00	3.80	0.00	0.00
Interest accrued not paid		8.03	6.39	5.79	0.00	0.00
Foreign currency gains		14.44	9.13	0.00	0.00	0.00
Tax		0.00	0.00	-1.55	0.00	0.00
Net cash after adjustments		**-2.55**	**-15.92**	**-7.30**	**-5.13**	**-11.27**
Change in working capital items						
Change in inventories		-0.30	-2.65	-1.31	0.65	0.02
Adjustment for current biological assets		0.17	2.85	0.00	0.00	0.00
Change in receivables and prepayments		2.32	4.21	-4.28	-1.70	-1.10
Change in payables and accrued expenses		0.94	-12.79	5.83	0.28	1.44
Adjustment for biological asset provision		0.00	8.35	0.00	0.00	0.00
Settlement of liabilities by issuing shares		0.00	0.60	0.00	0.00	0.00
Adjustment for GSFF post closure adjustment provision included in payables		0.00	5.00	-5.00	0.00	0.00
Net change in working capital		3.13	5.57	-4.76	-0.77	0.36
Net cash used by operating activities		**0.57**	**-10.35**	**-12.07**	**-5.90**	**-10.91**
Investment activities						
Purchase of property, plant and equipment	7	-2.23	-5.18	-3.29	-2.25	-4.04
Land acquisition investments	8	-1.78	-1.50	-1.79	-2.97	-0.96
Proceed from disposal	7	0.00	0.00	0.00	0.10	0.07
Purchase of biological assets	9	-4.28	-7.77	-4.22	-2.60	-5.08
Cash acquired in acquisition of GSFF		0.00	0.00	17.00	0.00	0.00
Other investments/adjustments		0.13	0.83	-0.66	-0.50	-0.43
Cost of acquisition of Florestas do Planalto		0.00	-0.70	0.00	0.00	0.00
Net cash outflow from investing activities		-8.16	-14.32	7.02	-8.23	-10.44
Financing activities						
New loans		7.61	10.08	20.50	6.70	21.02
Loan repayments, cash		-2.76	-10.58	-2.50	-1.30	-7.30
Issue of shares, cash		0.00	13.53	0.00	4.16	7.45
Cash inflow from financing activities		4.84	13.03	18.00	9.56	21.17
Increase in cash and cash equivalents		-2.74	-11.64	12.97	-4.58	-0.18
Cash and cash equivalents at beginning of year		3.39	15.54	1.00	0.88	0.89
Translation adjustments		-0.79	-0.51	1.57	4.69	0.35
Cash and cash equivalents at end of year	18	-0.14	3.39	15.54	1.00	0.88

Consolidated changes in equity

USD millions	Share Capital	Share Premium	Advance towards share capital	Translation Reserve	Revaluation Reserve	Other equity	Retained Earnings	Total
At start of year	63.00	157.43	3.70	-30.58	3.35	4.60	-61.65	139.86
Issue of shares	3.89	0.91	-3.70	0.00	0.00	0.00	0.00	1.10
Advance towards share capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Translation gain/(loss) for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comprehensive income	0.00	0.00	0.00	3.05	0.00	0.00	-58.83	-55.78
Revaluation gain	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At end of June 2016	66.90	158.35	0.00	-27.53	3.35	4.60	-120.47	85.18

USD millions	Share Capital	Share Premium	Advance towards share capital	Translation Reserve	Revaluation Reserve	Other equity	Retained Earnings	Total
At start of year	52.93	155.91	0.00	-23.27	4.94	4.60	-13.59	181.51
Issue of shares	10.08	1.52	0.00	0.00	0.00	0.00	0.00	11.60
Advance towards share capital	0.00	0.00	3.71	0.00	0.00	0.00	0.00	3.71
Translation gain/(loss) for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comprehensive income	0.00	0.00	0.00	-7.31	0.00	0.00	-48.05	-55.36
Revaluation gain	0.00	0.00	0.00	0.00	-1.59	0.00	0.00	-1.59
Other equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At end of June 2015	63.00	157.43	3.70	-30.58	3.35	4.60	-61.65	139.86

NOTES TO CONSOLIDATED ACCOUNTS

NOTE 1 ACCOUNTING POLICY

(a) Basis of Preparation

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS). The Financial Statements are presented in the functional currency, US Dollar (USD), rounded to the nearest million and prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment. As from 1 January 2013 the groups accounting year was changed from following the calendar year to the period 1 July- 30 June. The change is a consequence of wanting to better reflect the group's business seasons, where the planting year runs from July-June. The preparation of Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results, ultimately, may differ from those estimates.

(i) Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2016 what would be expected to have material impact on the group or company's financial statements.

(ii) Future changes in IFRS

IFRS 9 Financial Instruments

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “”hedged ratio”” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15 Revenue from Contracts with Customers

The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. At present there are no material operating leases in the business which would have a material impact on the results of the company.

There are no other IFRS standards or IFRIC interpretations that have not yet come into effect that are expected to have a significant impact on the Group's consolidated financial statements.

(b) Translation of Foreign Currencies

(i) Functional and Presentation Currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Financial Statements are presented in USD Dollars, which is the Group's presentation currency. The group changed its presentation currency from NOK to USD as from Jan 1st 2013 to better reflect the group's exposure to USD through its Biological Asset valuation, and also to reflect that a significant portion of revenues and costs are influenced by or in USD.

(ii) Transactions and Balances

Foreign currency transactions are translated into US Dollars using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the Balance Sheet date, which are expressed in foreign currencies, are translated into the functional currency at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Group Companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet are translated at the closing rate at the date of that Balance Sheet;
- share capital and share premium are translated at historical rate;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

The presentation currency of the Group is US Dollar (USD). The subsidiaries' accounting records are maintained in the legal currency of the country in which they operate (Tanzania Shilling (TZS), Uganda Shilling (UGX), Mozambique Meticals (MZN), Great British Pounds (GBP) and Norwegian Kroner (NOK). The currency translation rates for the consolidated financial statements are the following:

Table 1.1 Exchange rates, year end

in USD	June 2016	June 2015	June 2014	June 2013	December 2012
1 TZS	0.0005	0.0005	0.0006	0.0006	0.0006
1 UGX	0.0003	0.0003	0.0004	0.0004	0.0004
1 MZN	0.0158	0.0283	0.0325	0.0334	0.0337
1 GBP	1.3393	1.5721	1.7041	1.5226	1.6161
1 NOK	0.1193	0.1267	0.1625	0.1651	0.1796

Table 1.2 Exchange rates, average

in USD	June 2016	June 2015	June 2014	June 2013	December 2012
1 TZS	0.0005	0.0006	0.0006	0.0006	0.0006
1 UGX	0.0003	0.0003	0.0004	0.0004	0.0004
1 MZN	0.0213	0.0283	0.0334	0.0332	0.0353
1 GBP	1.4820	1.5711	1.6247	1.5674	1.5839
1 NOK	0.1193	0.1397	0.1658	0.1720	0.1718

(c) Biological Assets

Biological assets are measured on initial recognition and at each Balance Sheet date at fair value less estimated point-of-sale costs. Any gains/losses arising on initial recognition of biological assets and from subsequent changes in fair value less estimated point-of-sale costs are recognised in the Profit and Loss Account in the year in which they arise.

The fair value of the trees is determined based on the net present values of expected future cash flows, discounted at current market-determined pre-tax rates. Those trees which are available for harvesting within the next 12 months are classed as current assets, with the remainder as non-current assets.

All costs of planting, upkeep and maintenance of biological assets are recognised in the Profit and Loss Accounts.

(d) Land and Land Improvements

All categories of land investments are recorded at historical cost. Land acquisition costs include business plan development and social and environmental impact assessments (SEIA) as required by national authorities, government communication, mapping and surveying, land compensation and government fees incurred in the process of obtaining land titles. Furthermore, various community development costs as mandated by the land purchase agreements are part of the land acquisition costs.

(e) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost, less depreciation.

Depreciation is calculated on the straight line basis to write-down the cost of each asset or the revalued amount, to its residual value over its estimated useful life as follows:

Table 1.3 Depreciation policy

Asset Type	Years
Buildings	25
Machinery	15
Motor vehicles	4
Computer equipment	3
Office furniture and equipment	3-8

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately, to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(f) Revenue Recognition

Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value added tax (VAT), rebates and discounts. Revenue is recognised as follows:
(i) Sales of goods are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
(ii) Interest income is recognised on a time proportion basis, using the effective interest method. Dividends are recognised as income in the period in which the right to receive payment is established.

(g) Receivables

Receivables are carried at original invoice amount, less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Profit and Loss Account.

(h) Income Tax

Income tax expense is the aggregate of the charge to the Profit and Loss Account in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the tax regimes that the individual entities in the Group operate. Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available, against which, the temporary differences can be utilised.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

(j) Cash and Cash Equivalents

For the purpose of the Cashflow Statement (indirect method), cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the Balance Sheet, bank overdrafts are included in borrowings in current liabilities.

(k) Pension obligations

The Group has defined contribution plans. A defined contribution plan is a pension plan under which the company pays a fixed contribution into a separate entity. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(l) Government grants

The Group has received government grants, in the form of cash, for dedicated renewable energy pilot projects. The grants are recognised once the grants are received. There are no unfulfilled conditions attached to the grant agreements.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the Profit and Loss Account over the period of the borrowings. Specific borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or scale, are added to the costs of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Contingent assets and liabilities

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.
Contingent liabilities are not recognised in the consolidated financial statements unless it is probable that an outflow of economic resources will be required to settle the obligation and it can be reasonably estimated. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

(n) Leasing

The Group leases certain plant and equipment. The lease agreements are classified as operating leases, and payments made under these agreements are charged to the income statement on a straight-line basis over the period of the lease.

(o) Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.
Consolidated accounts are including the following subsidiaries: GSFF AB, Green Resources UK Ltd, Nortan AS, Busoga Forestry Company Ltd, Africa Green Power Ltd, Green Resources Ltd, Lango Forestry Company Ltd, Lindi Forests Ltd, Sao Hill Agriculture, Sao Hill Energy Ltd, Sao Hill Industries Ltd, Sao Hill Transport Ltd, Tanga Forests Ltd. Florestal de Cabo Delgado SARL, Green Resources Mozambique SARL, Lurio Green Resources SARL, Niassa Green Resources SA.

(p) Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

Biological Assets
Critical assumptions are made by the Directors in determining the fair values of biological assets. The key assumptions are set out in Note 9.

(q) Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

NOTE 2 RISK FACTORS

(a) Strategic Risks

Political Risks

Africa is known to be one of the most unstable continents of the world. East Africa is the peaceful part of Africa, with little significant political turmoil for more than two decades. We have seen peaceful transition of power in Tanzania in the last fiscal year but a hard fought campaign in Uganda.

Domestic Competition

In Tanzania, two competitors started up new sawmills in 2003 and 2004, and one of these companies was acquired by East Africa's largest forest products company in 2006. Neither of these has developed into major competitors, however we have seen a number of smaller local miller develop. Since 2014, 2-3 new pole treatment plants have been established in Tanzania, and the domestic competition for Tanesco's (the national utility) tender at the start of 2013 was higher than ever. However, SHI is believed to remain the quality supplier of poles and has continued to receive significant orders from Tanesco having won a significant bid in the tender process in 2016. There has been a significant tightening of competitive pressure in Uganda, both on the poles business and the timber.

(b) Operational Risk

Ability to Recruit and Retain Employees

More than half of the top managers during the last six years are new and there has been a rapid expansion of the organisation. This has enabled the company to accelerate growth, but there have been risks associated with many new managers. As the new senior managers are locating to Dar es Salam and all of these are new, there will be operational risk in the transfer of corporate know how and operational history.

Green Resources operates in a number of locations where there are at times limited possibilities for financial control. This has at times led to excessive costs, and there has been a problem with theft of diesel, exaggerated use of labour and excessive costs of other input factors. The Company is constantly working to put in place procedures that minimise the risk of financial loss. Because of the diverse locations where the company operates, it might take time to implement new operational procedures, including health and safety regulations.

Health and Safety Risks

The company is operating in remote areas where implementing the occupational health and safety and safe driving procedures might be difficult. It is relying on local employees, from some of the poorest regions of the world, who might not have sufficient basic training. It is a high priority for the company to minimise accidents through preventative measures, but this is a difficult and time-consuming undertaking.

Forest Fire

Risk of fires in Green Resources is generally reduced due to the diversification of the plantation portfolio into several national regions and countries. Since 2009, the company has implemented a new fire management procedure that splits each plantation into blocks that are separated with proper fire breaks. Priorities will be further given to improvement in community relations, increased fire fighting capacity and the reduction of the fire fuel load within the plantations. Regardless of the preventative measures, fires remain one of our biggest risks.

Insects and Fungal Attacks

In common with all agricultural operations, there are threats of insect and fungal attacks on forest plantations. In Uganda, blue gum chalcid has been observed, representing a threat to the eucalyptus plantations but has not made any significant impact so far. In general, weak and poorly planted and maintained trees are typically most exposed to attacks. Green Resources is doing its upmost to improve the quality of its plantations, spreading the risk with planting a variety of species with different seed origins and providing the necessary remedies when problems are identified.

Wood Supply Costs and Land Prices

Sao Hill Industries, Green Resources' Tanzanian industrial operations, is buying most of its raw material from Sao Hill Forest Project, a Government plantation where wood prices are set by the Government for one year at a time. The land rents on the 50-year and 99-year land leases are fixed annually at the discretion of the Government .The rental cost for leased land is set on a national basis for all farmers and other land owners, and large changes with a material effect on our business are believed to be unlikely.

East African Business Environment

Green Resources has experienced many operational set-backs since it commenced operations, including, but not limited to problems with export authorities, port authorities and at times in relations with the local authorities. However, most problems have been solved in an amicable way. Green Resources believes there has been a significant improvement in the East African business environment.

Working Capital Requirement

Green Resources has at times been short of cash, leading to interruption of industrial production, this has significantly affected the company during the last fiscal year. Green Resources will continue to rely on raising new equity or loans before the company becomes cash flow positive.

Significance of Largest Customers

Large national utility companies dominate the transmission pole business, and in 2015/16 the largest customers accounted for more than one third of revenues for the industrial operations. Green Resources is broadening the customer base and participating in all regional tenders, but the reliance on a small number of customers for part of the business remains.

(c) Financial Risks

The Company and Group activities potentially expose it to a variety of financial risks, including credit risk, interest rate risk and the effects of the changes in foreign currency exchange rates. The Company's and the Group's Management Programme takes account of the unpredictability of foreign exchange rate trends and seeks to minimise potential adverse effects on its financial performance.

Exchange Rate Risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the Tanzania and Uganda shillings and Mozambique meticais. This risk is not hedged. Green Resources has booked large exchange rate losses in the past, mainly caused by the strengthening of the Norwegian kroner against the US dollar and East African currencies.

The key exposures include Ugandan industrial revenue where the majority of sales contracts are in USD, many of the major capital expenditure projects which are contracted in USD or EUR and the main purchased raw materials such as fertilizer which are imported on USD contracts as opposed to operating costs which are generally denominated in the local currencies.

At 30 June 2016, if the functional currency had strengthened/weakened by 10% against local currencies with all other variables held constant, post-tax profit for the year would have been USD 1,836,000 (2015: USD 1,516,000) lower/higher, mainly as a result of foreign exchange gains on translation of Mozambique meticais and Tanzania and Uganda shilling denominated revenue and costs.

Green Resources' assets are denominated in Eastern African currencies. Based on the risk of currency changes and the corresponding year end value of the assets, there are arguments for creating a currency hedge for these assets by borrowing in local currencies. However there is currently little market for long term hedges. Green Resources' biological asset valuation model is a USD based model. While the export typically is priced in USD, the costs of the key competitors are based in Brazilian real, Canadian dollar, EUR, New Zealand dollar and South African rand, and it is these currencies that matters most for the long-term competitiveness and pricing of Green Resource' products.

The large majority of the Company's costs are denominated in East African currencies and many of the revenues are generated in other currencies. Thus, the value of Green Resources is likely to benefit long term from depreciating East African currencies, irrespective of any short term balance sheet related currency losses. Thus, Green Resources' will concentrate the long term borrowing in EUR and USD. The high real interest rate in the East African economies supports this decision.

Interest Rate Risks

Green Resources' investments have to date only been to a small extent funded by external debt and fluctuating interest rates have only minor direct impact on the P&L. To date, the interest rate level has directly influenced the value of the company through the discount rate used in the Biological Asset Valuation Model. A higher interest rate, and discount rate, will reduce the value of Green Resources' forest land. On the other hand, higher interest rates are often associated with higher inflation, and increased inflation is believed to lead to expectations of higher future wood prices, offsetting the negative effect on the biological asset value of higher interest rates.

Credit Risks

From 2008, the Group has had no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The local contract pole contract with Tanesco may pose larger than normal credit risk due to Tanescos credit history. There have been no material write offs of customer debts in 2015/16.

The amount that best represents the Group's maximum exposure to credit risk at 30 June 2016 is made up as follows:

Table 2.1 Credit risk maximum exposure

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Cash and cash equivalents	0.33	3.83	16.30	2.39	2.20
Trade and other receivables	1.69	2.10	3.70	2.69	2.25
Prepayments	0.37	0.58	2.75	3.12	1.64
	2.40	6.51	22.75	8.20	6.09

Liquidity Risks

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio:

Table 2.2 Total capital and gearing ratio

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Total borrowings (incl overdraft)	71.55	57.16	52.90	30.33	25.33
Less cash and cash equivalents	0.33	3.83	16.30	2.39	2.20
Net debt	71.2	53.3	36.6	27.9	23.1
Equity	85.2	139.9	181.5	104.4	95.1
Total Capital	156.4	193.2	218.1	132.4	118.2
Gearing ratio	46%	28%	17%	21%	20%
Equity ratio	54%	72%	83%	79%	80%

NOTE 3 OPERATING PROFIT

The following items have been charged in arriving at the operating profit:

Table 3.1 Operating profit charges

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Depreciation of property , plant and equipment (note 7)	3.79	4.63	4.14	1.69	2.47
Fair value (gain)/loss on biological assets	26.29	1.51	-2.46	-10.96	-7.19
Staff costs (see table below)	6.11	9.33	7.17	4.15	6.46

Table 3.2 Staff costs

The following items are included within staff costs:

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Salaries and wages	5.38	8.53	6.66	3.73	5.83
Social security	0.43	0.78	0.48	0.37	0.56
Pension cost - defined contr. plans	0.30	0.02	0.02	0.05	0.07
Total	6.11	9.33	7.17	4.15	6.46

In the 12 months to June 2016 the board of directors in the parent company received remuneration at a total of USD 175,000 (June 2015: USD 215,000), of which Chairman of the board, Age Korsvold received USD 110,000 in compensation for his services as Chairman. The cost for statutory audits for the 12 months to June 2016 was USD 81,000 (June 2015: USD 81,000). Subsidiaries fee to auditors related to the financial statements was USD 223,000 (June 2015: USD 211,000). The group has no specific post-employment benefit agreements. Reference is made to the Director's Report for overview of total number of group employees.

NOTE 4 OPERATIONAL COST BY NATURE

Table 4.1 Operational costs by nature

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Cost of raw material and other purchased goods	3.97	10.60	8.30	2.76	4.52
Salary and wages (note 3)	6.11	9.33	7.17	4.15	6.46
Depreciation and write offs (note 7)	3.79	4.63	4.14	1.69	2.47
Freight	1.11	1.85	1.66	0.82	1.64
Repair and maintenance cost	0.56	1.02	1.34	0.61	0.76
Marketing costs	0.28	0.49	-	0.06	0.13
Rent and leasing costs	0.52	0.52	0.33	0.27	0.34
Exceptional costs	- 6.30	-	3.80	-	-
Other operational costs	8.32	8.14	5.50	1.91	4.68
Total operational cost	18.36	36.57	32.25	12.28	20.99

Exceptional costs of USD 6.3m reported in 2016 are related to reversal of fire provisions in Mozambique, mostly in Chikweti.

NOTE 5 FINANCE COST

Table 5.1 Finance cost

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Interest income	0.00	0.00	1.25	0.00	0.01
Other financial income					
Interest expense	-9.35	-8.16	-6.82	-1.86	-1.99
Foreign exchange differences	-14.18	-9.13	-0.89	-0.85	-2.45
Total finance costs	-23.53	-17.29	-6.46	-2.71	-4.43
of which interest paid	-1.32	-1.76	-1.03	-0.61	-1.44

NOTE 6 INCOME TAX EXPENSE

There is no payable tax charge for the year in view of the loss incurred and brought forward tax losses in the individual entities of the group. Income tax is calculated using the actual tax rate of 30% in Mozambique, Tanzania and Uganda. In Norway, from 1st January 2016 the corporate tax rate is 25% (27% previously). See note 15 for further specification.

Table 6.1 Income tax expense

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Profit before tax	-55.54	-37.81	-17.03	4.14	-6.55
Tax calculated at domestic tax rate applicable to profit in respective countries	-24.90	-11.34	-5.11	1.16	-1.96
Tax effects of:					
Recognised tax assets netted against tax losses	0.00	0.00	0.00	0.00	0.00
Tax losses for which no deferred tax assets were recognised	28.98	20.92	3.43	0.43	3.35
Other differences	-0.79	0.66	4.52	1.85	0.25
Tax charge / (credit)	3.29	10.24	2.85	3.44	1.64

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

June 2016:

USD millions	Buildings	Motor Vehicles	Plant and Equipment	Fittings and Office Equipment	Work In Progress	Total
Cost						
At start of year	14.32	7.11	16.46	3.84	5.57	47.29
Acquisition assets	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.45	0.19	1.48	0.04	0.07	2.23
Transfer	0.32	0.16	0.48	0.02	-0.97	0.00
Reclassification	0.00	-0.14	0.00	0.14	0.00	0.00
Disposal	-0.14	-1.19	-0.31	-0.70	-0.03	-2.37
Exchange differences	-3.28	-1.38	-2.42	-0.82	-3.91	-11.81
Costs at end of June 2016	11.67	4.75	15.69	2.51	0.72	35.34
Depreciation						
At start of year	2.19	5.15	8.47	2.49	2.74	21.04
Acquisition assets	0.00	0.00	0.00	0.00	0.00	0.00
Charge for the year	0.47	0.92	2.06	0.22	0.12	3.79
Transfer/Disposal	-0.14	-1.12	-0.30	-0.35	-0.03	-1.94
Writedown	0.00	0.00	0.00	0.00	0.00	0.00
Exchange differences	-0.51	-1.16	-1.39	-0.62	-2.47	-6.15
Depreciation at end of June 2016	2.02	3.80	8.83	1.74	0.35	16.74
Net book value 30 June 2016	9.64	0.96	6.86	0.77	0.36	18.60

June 2015:

USD millions	Buildings	Motor Vehicles	Plant and Equipment	Fittings and Office Equipment	Work In Progress	Total
Cost						
At start of year	16.72	8.02	21.03	2.37	4.96	53.10
Acquisition assets	0.00	0.00	0.40	0.00	0.00	0.40
Additions	0.21	0.41	1.56	0.33	2.68	5.18
Transfer	0.15	0.07	0.47	0.00	-0.69	0.00
Reclassification	0.00	0.00	-1.78	1.78	0.00	0.00
Disposal	0.00	-0.38	-0.66	-0.08	0.00	-1.11
Exchange differences	-2.76	-1.02	-4.56	-0.55	-1.38	-10.28
Costs at end of June 2015	14.32	7.11	16.46	3.84	5.57	47.29
Depreciation						
At start of year	1.87	4.98	9.75	1.57	3.36	21.53
Acquisition assets	0.00	0.00	0.39	0.00	0.00	0.39
Charge for the year	0.60	1.23	2.28	0.53	0.00	4.63
Transfer/Disposal	0.00	-0.30	-1.34	0.74	0.00	-0.90
Writedown	0.00	0.00	0.00	0.00	0.00	0.00
Exchange differences	-0.27	-0.77	-2.61	-0.35	-0.62	-4.61
Depreciation at end of June 2015	2.19	5.15	8.47	2.49	2.74	21.04
Net book value 30 June 2015	12.13	1.96	7.99	1.35	2.82	26.25

NOTE 8 LAND

Land acquisition costs include business plan development and social and environmental impact assessments (SEIA) as required by national authorities, government communication, mapping and surveying, land compensation and government fees incurred in the process of obtaining land titles. Furthermore, various community development costs as mandated by the land purchase agreements are part of the land acquisition costs. In other cases, the costs represent direct land purchase costs. Furthermore, costs associated with land preparation (not including planting costs), road construction and certain other infrastructure are included. Initial FSC costs (but not annual audits) are capitalised and written off over the five-year certification period.

Table 8.1 Land

USD millions	30-Jun-16	Changes	Translation Differences	30-Jun-15	Changes	Translation Differences	30-Jun-14	Changes	30-Jun-13	Changes	31-Dec-12
Mozambique											
Lurio Green Resources	5.00	0.69	-4.53	8.84	0.36	-1.27	9.76	0.69	9.07	2.85	6.22
Niassa Green Resources	0.12	-0.13	-0.27	0.53	-0.01	-0.08	0.62	0.14	0.48	0.01	0.47
GSFF Group companies	9.51	1.10	-8.83	17.24	0.99	-2.44	18.70	18.70	-	-	-
Tanzania											
Green Resources Ltd	2.60	0.37	-0.13	2.36	0.15	-0.50	2.71	0.13	2.58	0.06	2.52
Lindi Forest Limited	0.18	0.00	-0.01	0.19	0.02	-0.04	0.21	-0.01	0.22	0.01	0.21
Tanga Forest Limited	0.06	0.00	0.00	0.07	0.00	-0.01	0.08	-0.04	0.12	0.04	0.08
Other	0.10	0.01	0.01	0.08	0.08	0.00	0.00	0.01	-0.01	-0.01	0.00
Total	17.58	2.03	-13.78	29.31	1.50	-4.34	32.08	19.61	12.46	2.97	9.50

NOTE 9 BIOLOGICAL ASSET VALUATIONS

(a) Summary

For 30 June 2016 Green Resources have employed a third party valuer to provide the valuation of the forest plantations. Poyry Management Consulting was employed by management to undertake the independent valuation.

According to IAS 41, biological assets are to be valued annually at fair value. The gain or loss in fair value of these biological assets is reported as revenues in the profit and loss statement. The fair value of Green Resources' biological assets at 30 June 2016 was assessed to USD 150.6m (2014: USD 165.5m), consisting wholly of forest plantations.

The movement in the valuation was due to a USD -26.33m (2014: USD -1.51m loss) net loss from changes in the fair value of biological assets, the release of a USD 8.35m provision against the assets in Mozambique and a USD 4.28m gain due to re-planting of harvested or lost forest. There were deductions due to failed plantings and re-assessment of the stocking and growth rates in the standing forest. The net reduction in planted area for the year was 2,733 ha, bringing Green Resources' plantation resource to 41,331 ha. This reduction was due to the net effect of 552 ha of new planting, 208 ha harvesting, 3,077 ha of losses/ demarcations. Due to these movements, the average net value per ha of the forest is USD 3,643 per ha, a reduction from USD 3,756 in 2015.

Table 9.1 Biological Asset Valuation

USD m	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
At start of year	165.51	184.43	113.63	100.05	91.40
Increases due to acquisitions		-	64.12	-	-
Increases due to purchases	4.28	7.77	4.22	3.21	5.08
Harvesting	(1.22)	(0.92)	-	-	-
Gains arising from changes in fair	(26.29)	(1.51)	2.46	10.89	7.19
Exchange difference	(0.04)	(15.91)	-	(0.52)	(3.63)
Provision	8.35	(8.35)	-	-	-
Carrying amount	150.58	165.51	184.43	113.63	100.05
of which					
Biological Asset Available for Sale	3.02	2.85	-	-	-
Biological Asset	147.56	162.65	184.43	113.63	100.05

The Biological Asset Valuation model (BAV) estimates the net present value of Green Resources' plantations in Tanzania, Uganda and Mozambique. For Tanzania, this includes plantations under the subsidiary company Green Resources Ltd. In Uganda, it consists of the plantations under Busoga Forestry Company Ltd while in Mozambique; it includes Niassa Green Resources SA, Lurio Green Resources SA, Florestas de Planalto SA, Companhia Florestal de Massangulo Lda, Chikweti Forests of Niassa S.aRL and Ntacua Florestas da Zambezia Lda.

When arriving at the net present value (NPV) of the forest, projected future costs are deducted from the projected future revenues. The future maintenance costs include field maintenance, land leases, fire protection, road maintenance and administration costs. Direct planting costs of USD 4.28m in 2015/16 have been expensed against the gross change in BAV. Those areas of the forest which will be available for harvesting during the coming 12 months are classified as a current asset available for sale. The provision against the BAV related to the acquisition of GSFF in 2014, there were heightened risks associated with the transfer of forestry assets and the provision had been set off against the value of the assets in Mozambique. The provision has been released in 2016 as the risks associated with the transfer are now deemed to be sufficiently small. The losses incurred to date in the forests are in excess of the value of the provision that was put in place against the acquired assets. The, valuation of these assets at the end of 30 June 2016 was USD 26.4m (acquired value of the plantations was USD 63.8m at 30 June 2014).

The highest share of Green Resources' asset value sits within Tanzania, where the potential volume of harvested wood and industrial product is situated. The Highlands plantations are the most valuable assets for Green Resources, where the high tree growth rates, strong wood prices, and relatively more advanced industrial production facilities all support higher NPV values. The availability of more product options ensures that the Tanzanian valuation is the highest within the group. On a per hectare basis the valuation of the forest in Uganda is the most valuable, primarily due to the higher pricing for utility poles relative to the other countries and the higher yielding plantations. The MAI for both the pine and eucalyptus in Uganda is the highest within the group.

Table 9.2 Biological asset value per ha

USD '000s	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Mozambique					
Net Present Value	44,452	54,953	75,551	13,494	9,182
Area (in ha)	17,662	20,656	17,859	3,966	2,766
NPV/planted area	2,517	2,660	4,230	3,402	3,320
Tanzania					
Net Present Value	71,245	80,428	68,808	67,370	58,968
Area (in ha)	17,241	16,889	16,913	15,050	13,687
NPV/planted area	4,132	4,762	4,068	4,476	4,308
Uganda					
Net Present Value	34,885	30,127	40,011	32,769	30,456
Area (in ha)	6,428	6,520	6,357	6,307	6,277
NPV/planted area	5,427	4,621	6,294	5,196	4,852

(b) Planted area

Planting included in the BAV are verified by our mapping and inventory department through a combination of GPS tracking, imagery collected from a camera drone, and high resolution satellite images. All data is documented in a compartment register and digital maps in a central database hosted by a professional data management company. Green Resources has a total net planted area of 41,331 ha as at 30 June 2016 (44,064 ha as at 30 June 2015) in the subsidiaries covered by the consolidated accounts.

During 2015/16, Green Resources re-planted 552 ha plantations, however no new plantation expansion was undertaken. Further area adjustments totalling 3,285 ha took place during the year, with the result that the net decrease in forest area came to 2,733 ha. The most widespread genus present in Green Resources' plantations is pine (56.8%), followed by eucalyptus (42.4%) and a small proportion of teak and other hardwoods (0.8%). Green Resources are actively increasing the range of species it is planting in order to maintain diversification as well as to improve on its site-species matching. The steady increase in the proportion of eucalyptus clones as well as continually improving seedling material have an important impact on the value of the company, and as these areas becomes more dominant and the growth confirmed through measurements it will have a positive impact on the BAV.

Table 9.3 Planted area and net new planting by region

Hectares (ha)	Accumulated 30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Eucalyptus & Teak					
Mozambique	10,289	12,025	8,939	748	346
Tanzania	6,173	6,135	628	937	992
Uganda	1,383	1,359	108	80	112
Total	17,846	19,519	9,675	1,765	1,450
Pine					
Mozambique	7,373	8,631	5,843	200	348
Tanzania	11,068	10,754	1,807	1,278	849
Uganda	5,045	5,161	110	72	379
Total	23,486	24,546	7,760	1,550	1,576
Total					
Mozambique	17,662	20,656	14,782	948	694
Tanzania	17,241	16,889	2,435	2,215	1,841
Uganda	6,428	6,520	218	152	491
Total	41,331	44,064	17,435	3,315	3,026

(c) Growth and yield assumptions

For the plantations in Uganda and Tanzania, harvesting projections are taken from our Forest Management System, using the actual information from each compartment (one compartment is normally 2-25 ha) and industry standard volume functions for the actual species and selected harvesting regime. Calibration of each compartment is done either from physical forest measurement or using the most appropriate site index and results from survival assessment and/or PSPs. The system also determines the harvesting age based on what is optimal for each compartment, rather than a fixed harvesting age. The independent valuer has performed their own review of the yield projections; these have been used as the basis for their harvest projections.

Selection of site index (production index) is based on measurements of sample plots from all plantations. As of the end of FY 16, the total number of PSPs had increased to 1,550 across the group. The majority of these are distributed within Uganda and the Mapanda plantation within Tanzania. 638 have been established in Uganda, 891 in Tanzania and 21 in Mozambique. The shortfall in Mozambique is primarily due to the age of the plantations, with PSPs not typically being set up until the trees have reached a certain age. Through understanding the distribution of PSPs within the plantation, Green Resources have identified the required number of new PSPs that will be set up. We normally assume maturity of pine and eucalyptus produced for solid wood purposes on average at 21 and 13 years, respectively, and eucalyptus for pulp and energy purposes on 5-8 years, but local variations are applied to adjust to site-specific variances.

In 2015 Green Resources obtained further high resolution satellite imagery which allowed for a re-assessment of tree stocking levels in Bukaleba. The impact of obtaining this satellite imagery was a better understanding of the stocking levels within Uganda and as a result a reduction in the net planted area and an improved understanding of the MAI for the remaining trees.

For the other species in Tanzania and Mozambique, Green Resources has been able to obtain significantly higher volumes of data to support the calculation of the MAI figures. Almost a third of all plots measured by Green Resources have been measured in the last financial year. This significant improvement in data collection and processing has allowed for an improved view of the current MAI of the standing stock across the plantations.

Table 9.4 Tree growth rate assumptions

Mean Annual Increment (m3/ha/yr)	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Pine					
Mozambique - Niassa	6.8	12.6	11.8	8.6	8.6
Tanzania - Highlands	17.6	20.0	17.6	14.8	14.2
Uganda - Bukaleba	21.7	17.0	22.5	20.7	21.3
Uganda - Kachung	21.7	17.0	14.5	-	-
Eucalyptus		-	-	-	-
Mozambique - Niassa	24.0	19.7	17.0	10.3	-
Mozambique - Lurio	19.5	14.5	15.0	17.0	20.5
Tanzania - Highlands	20.0	21.5	21.8	14.8	16.7
Uganda - Bukaleba	19.9	18.6	23.8	20.1	20.8
Uganda - Kachung	19.9	18.6	32.8	-	-
Average rotation length (years)					
Pine	17.4	17.0	21.0	21.0	21.0
Eucalyptus poles	8.2	9.9	13.0	13.0	13.0
Eucalyptus pulpwood	8.0	7.0	7.0	-	-

d) Wood Prices

According to the Global Sawlog Price Index published by Wood Resources Quarterly (WRQ), sawlog prices have followed a declining trend since peaking in Q2 2014. This is due largely to the strengthening of the US Dollar relative to other currencies. However in the last quarter of FY2016 prices began to increase again.

The impact of the movements in the global sawlog price index on pricing within East Africa is largely reduced due to the localised nature of the market. The one future exception for Green Resources is likely to be the potential sale of exported pulpwood chips from the Lurio project in Mozambique, which would be exposed to a US Dollar based commodity market.

Sawlog prices in East Africa have risen even more strongly compared to the Global Sawlog Price Index, averaging 21% per annum (in USD-terms) in the ten year period 2006-2016. However these increases have tended to materialise as step changes rather than gradual increments, reflecting the fact that periodic reviews by government of prices from their own plantations have played a major role in the setting of prices within the industry.

The price-setting ability of the government is likely to diminish in the near future, since log supply from government-owned plantations is decreasing. This is most pertinent in Tanzania where the reduction in the power of the government to set the price has allowed for private plantations to price the market. This trend is forecast to continue as the supply from Government plantations becomes secondary to that from private plantations.

The external valuer has applied market assumptions that reflect both the current established timber and pole markets in Tanzania & Uganda and the underdeveloped existing markets in Mozambique. The pricing used by the valuer is broadly in line with that utilised by management in FY 16.

At each plantation location, it has been assumed that there are four regimes of tree planting. These regimes are Pine sawlog, Eucalyptus small pole, large pole and pulpwood. From each of these planting regimes there are up to six separate recoverable products, Pine sawlog & pulpwood, Eucalyptus, small pole, large pole, pulpwood and peeler logs. Each of these end products has been priced, such that the inherent component value of each tree can be captured.

In order to develop an understanding of the expected price forecast per product, Green Resources have utilised wood paying capability models for specific wood processing operations. This approach has allowed for a greater emphasis on current local pricing to be used and has moved the model away from utilising global prices that do not reflect actual transactions that occur at the plantations.

With the vast majority of Green Resources' sales occurring domestically, the local markets in the immediate term have a much greater impact on the price forecasts than global pricing indices. Wherever possible, the valuation has used current local pricing evidence (e.g. published prices or prices realised in recent wood sales by Green Resources) as the basis for its stumpage revenue calculations. Where local pricing is not available, or is not relevant to the end-markets which Green Resources is targeting, then a wood-paying capability (WPC) has been calculated for the proposed end-markets. Examples of these are the prices at wood-based industries in Mozambique that have yet to be built. Current local prices may be below those indicated by the potential WPC inferred from import parity pricing. Where this is the case, and given the mid to long term expectation that prices will increasingly be set by cost of imports, the valuer has assumed that pricing rises in line with local inflation, except for where increases in pricing are expected.

Table 9.5 Wood prices

In USD/m3	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Pine sawlogs					
Mozambique	57.6	46.4	34.1	35.1	33.0
Tanzania	42.9	46.4	34.1	23.5	21.1
Uganda	49.7	46.0	43.6	40.2	39.0
Pine pulpwood					
Tanzania	23.6	11.4	14.5	-	-
Uganda	38.1	20.0	20.5	-	-
Eucalyptus - small pole					
Mozambique - Niassa	105.5	106.7	46.1	27.3	30.3
Tanzania	106.8	103.1	59.1	35.6	32.9
Uganda	126.4	103.6	60.9	48.7	47.0
Eucalyptus - large pole					
Mozambique - Niassa	105.5	70.1	46.1	27.3	30.3
Tanzania	106.8	66.6	59.1	35.6	32.9
Uganda	126.4	118.1	60.9	48.7	47.0
Eucalyptus pulpwood					
Mozambique - Niassa	16.0	3.2	29.0	25.0	25.0
Mozambique - Lurio	16.0	28.0	29.0	25.0	25.0
Tanzania	29.0	11.4	29.0	25.0	25.0
Uganda	11.4	20.0	29.0	25.0	25.0
Eucalyptus peeler logs					
Mozambique	60.0	35.4	46.1	27.3	30.3
Tanzania	40.3	34.7	59.1	35.6	32.9
Uganda	34.8	40.3	60.9	48.7	47.0

In Tanzania, the pine saw log pricing has been based upon the current government pricing, the prices that small saw millers are paying for traded SHFP permits and private transactions undertaken by Green Resources. There are expected real increases in the stumpage prices for pine sawlogs over the next five years due to the significant reduction in the supply to the market from Government plantations that has been forecast.

Eucalyptus pole pricing is based upon prices paid by Sao Hill Industries Limited, the stumpage price having been calculated taking into account the harvesting and transport costs. This has remained largely similar to the prior year. Large scale contracts are in place for sales to Tanesco for the next three years.

Peeler logs are a new assortment that is being sold by Green Resources, due to the relatively short lengths of log needed to create Veneer, a greater recoverability from the Eucalyptus stands is achievable.

Pulpwood pricing is currently assumed to reflect the Tanzanian Government pricing for debarked pulpwood. The equivalent stumpage price has been calculated taking into account the requirement to debark and to transport the logs. Clean woodchips from Sao Hill are being sold to a major pulp mill in South East Tanzania.

Pricing for sawlogs in Uganda has been established by working backwards from the sawn timber pricing seen in local markets. In FY 2016 Green Resources installed a new sawmill in Jinja with a capacity of 26,700m3 per year, providing a higher quality sawn timber option to the market than that of the existing small scale sawmillers.

Poles pricing is based upon actual prices achieved in the market. Utility poles are priced in UGX; increases in local currency have been offset by currency depreciation and a greater focus on selling shorter poles.

Peeler log pricing has been based upon sales contracts that have been achieved in Tanzania, with adjustment for the reduced delivery distance to Jinja; the pricing obtainable in Uganda is slightly higher than in Tanzania. Pulpwood (both pine and eucalyptus) pricing is based upon the actual road-side pricing seen in the market for firewood and also industrial operators looking to replace Kerosene in their processes.

Green Resources' plantations in Mozambique are grouped into two separate plantation strategies. The Lurio project will provide Eucalyptus pulpwood that will be processed into woodchips that can be exported to Asia and the Gulf. In the absence of an existing large scale local market for pulpwood Green Resources has calculated the wood-paying capability of the chip mill that is expected to be built in the Nacala port.. Due to the immaturity of the plantations in Niassa, neither harvesting nor industrial processing has begun. In order to provide a future pricing expectation, Green Resources have assumed that the pricing structure evidenced and expected in Tanzania for all other products will be reflected in Mozambique.

(e) General Economic and Financial Assumptions

The model assumes a range of nominal discount rates in the range 11.7% - 12.6%, this is the second year that Green Resources has applied a separate discount rate against each of the different locations in which the plantations are situated. The differences between the discount rates reflecting the project risk associated with each location. For instance Tanzanian and Ugandan forests are assumed to have the least risk, Mozambican the most. The differential discount rate recognises the differing risks associated with operating in each of the individual countries that it has plantations in.

As part of the valuation work undertaken by the external valuer, a comprehensive review of the discount rate was undertaken. This considered the company's own weighted average cost of capital (WACC) as well as historical returns for timberland investments, applicable discount rates in East Africa based on timberland return premium to government bonds in mature timberland markets, implied discount rates from transactions and applied discount rates derived from surveys of appraisers.

The WACC approach is the most widely-used approach to establishing a discount rate for IFRS 41 and benefits from being based on relative objective inputs. It is used by most major companies world-wide, including all European forestry companies that disclose assumptions behind their BAV calculations according to IFRS 41. Whilst, there is a practice among all large companies in the industry to keep discount rates (and other IFRS 41 assumptions) relative stable over time, GR wish to now show the differing project risk within the appropriate discount rate. The rates established by the external valuer were broadly in line with those used in FY 15. Due to the established industries through which the wood is processed within Tanzania and Uganda, the discount rates applied to the biological assets here are 11.6% and 11.8% respectively. For Mozambique, the plantations are grouped into two separate geographical areas, Niassa and Lurio both of which are less mature than those plantations in Tanzania and Uganda, the discount rate for Mozambique is set at 12.6%.

The basis for estimation of fair value according to IAS 41 is limited to the current living tree crop, thus we have included one rotation only for pine and three for eucalyptus as this crop can coppice without any replanting. The last year included in the NPV is thus 2039 for pine and 2037 for eucalyptus species. Replanting costs after harvesting of the current living crop are lower than for the initial establishment of the plantations and the land will have a value following harvesting, which is not reflected in the BAV.

The valuation has been undertaken in USD terms, with prices and costs set at FY 16 values and then forecast in USD. The prices and costs applied in the report are expressed in real USD values. No inflationary component or exchange rate adjustments are included in future projections.

Table 9.6 General economic and financial assumptions

Criteria	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Discount rate					
Mozambique	12.60%	12.50%	11%	11%	11%
Tanzania	11.70%	11.40%	11%	11%	11%
Uganda	11.80%	11.40%	11%	11%	11%
Last year included for NPV of Pine	2039	2033	2035	2034	2033
Last year included for NPV of Eucalyptus	2037	2042	2054	2052	2051
Exchange rate					
TSH/USD	2,129	2,162	1,650	1,572	1,572
USH/USD	3,366	3,145	2,600	2,686	2,686
MZN/USD	42.00	37.45	30.74	29.65	29.65

(f) Management of biological risks

Forest plantations are subject to different types of risks, the most important being fires, pest & disease and windfall. Green Resources seeks to reduce fire risk through a range of measures, including prevention (e.g. community awareness programs), protection (e.g. clearing internal and external fire breaks on all plantations), early detection (e.g. satellite based fire detection systems and manned fire towers), and the ability to respond effectively (e.g. mobile water bowsers with pumps and hoses, plus trained fire-fighting teams).

Green Resources monitors its plantations for signs of pest or disease. Where appropriate, outbreaks may be treated with approved pesticides, however the best approach is generally to ensure that the tree crop is not under stress, and that vigorous tree growth is maintained. This is achievable by following rigorous silvicultural best-practice (including site-species matching, stocking levels, weed control, etc.). Diversification using a variety of species and provenances is of key importance to limiting exposure should any one tree type become vulnerable to attack. In determining the BAV, Poyry has not adjusted wood production forecasts or cash flows to reflect these risk factors. Instead the risk is incorporated into the discount rate.

(g) Changes in fair value

Green Resources' plantations decreased in fair value by USD 26.33m during the year. In addition to other movements, this reduced the total value from USD 165.5m in 2015 to USD 150.8m as at 30 June 2016. This decrease was seen in Tanzania and Mozambique, but Uganda's forest saw uplift in value during FY 16.

The decreases in Tanzania are primarily driven by the net changes in the wood price and product mix. The increase (USD 9.32m) due to improved distribution of plantation to product destination was offset by lower per product pricing (USD -17.6m). The changes attributable to the wood estates; annual growth, area adjustments and changes to growth rates, resulted in a small reduction in value (USD -1.65m).

The decreases in Mozambique are primarily driven by the net changes in the wood price and product mix. The increase (USD 9.38m) due to improved distribution of plantation to product destination was offset by lower per product pricing (USD -12.8m). The other major change to the valuation of the Mozambican plantations is attributable to the reversal of the provision (USD 8.35m). The changes attributable to the wood estates; annual growth, area adjustments and changes to growth rates, resulted in a small reduction in value (USD -0.04m).

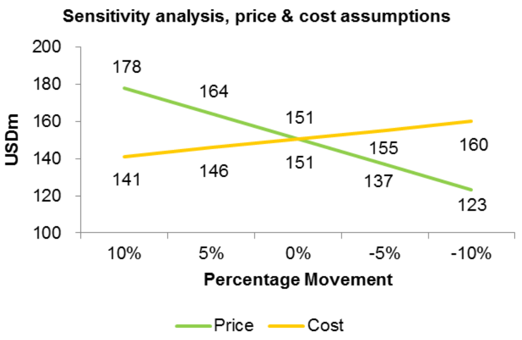
The increases in Uganda are primarily as a result of a marked uplift in the growth rates for both pine and eucalyptus up from 17.0m3/ha/pa and 18.6m3/ha/pa to 21.7m3/ha/pa and 19.7m3/ha/pa respectively). The average value per ha of forest is USD 3,643/ha, little changed from USD 3,756/ha in 2015.

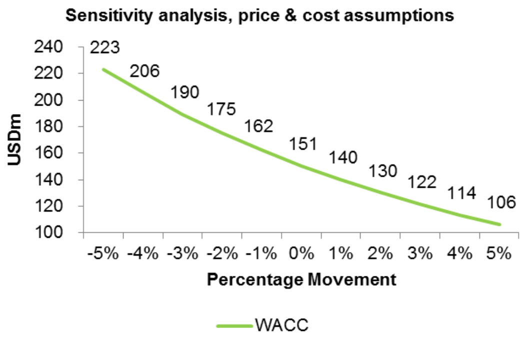
Table 9.7 Change analysis in NPV

USD m	Ug	Mz	Tz	Total
At start of the year	30.13	54.95	80.43	165.51
Provision reversal	-	8.35	-	8.35
Annual Growth	1.84	14.36	14.15	30.35
Area Adjustments	(0.3)	(13.2)	(4.3)	(17.8)
Growth rate	9.99	(1.2)	(11.5)	(2.7)
Product mix	(0.6)	9.38	9.32	18.14
Wood price	(6.7)	(12.8)	(17.6)	(37.1)
Discount rate	(0.8)	(0.7)	(1.5)	(3.0)
Costs	(0.2)	(3.6)	(0.4)	(4.3)
Foreign Exchange	(0.8)	(5.9)	4.38	(2.3)
Written Off	-	(1.3)	-	(1.3)
Harvest timing	2.27	(3.9)	(1.7)	(3.3)
Sub-Total	**34.88**	**44.45**	**71.24**	**150.58**
of which				
Biological Asset Available for Sale	2.79	0.24	3.39	6.41
Biological Asset	**32.10**	**44.22**	**67.85**	**144.17**

(h) Sensitivity analysis

The IAS 41 standard requires that a sensitivity analysis of the most important parameters be carried out. The most critical assumptions in the Biological Asset Valuations are wood prices, costs and discount rates. The following charts illustrate these sensitivities.





NOTE 10 OTHER INVESTMENTS

Table 10.1 Other investments

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Concessions, patents					
and licenses	0.92	0.69	1.75	1.58	1.29
Shares	0.45	0.83	0.79	0.40	0.15
Total	1.38	1.52	2.54	1.97	1.44

NOTE 11 INVENTORY

Table 11.1 Inventory

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Raw material	0.97	0.31	1.48	0.54	0.74
Biological assets available for sale	3.02	2.85	-	-	-
Work in progress	-	0.03	-	-	-
Finished goods	3.11	2.89	1.96	1.75	1.98
Consumables	0.88	1.60	1.41	1.36	1.65
Goods in transit	-	-	0.19	0.08	-
Total	7.99	7.69	5.04	3.73	4.37

Biological assets available for sale is standing forest available for harvest within next 12 months. Please refer to note 9 for further specification.

NOTE 12 RECEIVABLES AND PREPAYMENTS

Table 12.1 Receivables and prepayments

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Trade receivables	1.69	2.10	3.70	2.69	2.25
Prepayments and other receivables	0.37	0.58	2.75	3.12	1.64
VAT / Withholding tax refundable	2.25	3.95	3.70	0.07	0.27
Total	4.32	6.64	10.15	5.88	4.16

NOTE 13 SHARE CAPITAL

The movement in share capital was as follows:

Table 13.1 Movement in share capital

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Balance at 1 January	63.00	52.93	37.30	37.30	31.78
Issue of shares	3.90	13.97	16.34	1.81	6.03
Less shares issued but not registered end of period	0.00	-3.90	-0.71	-1.81	-0.51
Balance End Period	66.90	63.00	52.93	37.30	37.30

The number of ordinary shares registered in VPS was 83,702,231 as per 30 June 2016 (2015: 77,539,102). Total number of authorised shares per end June 2016 was 83,702,231 (2015: 83,702,231) with a par value of NOK 5 per share with a total book value of NOK 418.5 Million. All issued shares are fully paid as per June 30 2016.

Table 13.2 Number of issued shares

No. of shares	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Balance at Start of Period	83,702,231	61,631,292	43,838,437	41,646,141	37,959,688
Issue of new shares	-	22,070,939	17,792,855	2,192,296	3,686,453
Balance End of Period	83,702,231	83,702,231	61,631,292	43,838,437	41,646,141

The movement in the number of issued shares is as follows:

Table 13.3 Movement in shares

No. of shares	New shares issued	Avg. share price (NOK)	ssued shares at End Period	Avg. no of shares
June 2016	-	-	83,702,231	83,702,231
June 2015	5,908,153	5	83,702,231	80,748,155
June 2015	254,976	35	77,794,078	77,666,590
May 2015	15,507,810	5	77,539,102	69,785,197
January 2015	400,000	35	62,031,292	61,831,292
June 2014	17,792,855	35	61,631,292	52,734,865
June 2013	2,192,296	16	43,838,437	42,742,289
December 2012	3,686,453	16	41,646,141	39,802,915

In connection with a USD 25 million mezzanine loan from two development banks, signed in August 2012, and a USD 15m mezzanine loan signed in November 2013 Green Resources has issued rights to subscribe to up to 72.3 million shares at NOK 5 per share in the case Green Resources defaults on the loan agreement, or in the case the loan is not repaid at expiry. The mezzanine loan is a bullet loan where interest is accrued and the principal and accumulated interests are due for repayment on 31 December 2018. The number of subscription rights issued to the lenders has been determined by the potential maximum outstanding balance at that date. In the case of a default on the loan, Green Resources has the right to repay the loan within six months of the default before the lenders obtain a right to convert the loan to shares.'

NOTE 14 BORROWINGS

The borrowings are made up of the following:

Table 14.1 Borrowings

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Non-current					
Norfund mezzanine loan	0.00	0.00	15.33	9.00	6.00
Finnfund mezzanine loan	0.00	0.00	10.22	6.00	4.00
FMO mezzanine loan	0.00	0.00	12.69	0.00	0.00
Norfund A-loan	0.00	3.17	4.33	5.80	6.55
IFC A-loan	0.00	2.29	3.13	4.15	4.68
Other long term loans	1.46	2.05	2.21	1.14	1.11
	1.46	7.50	47.91	26.10	22.35
Current					
Norfund loan	4.67	1.64	0.92	0.80	0.80
IFC loan	2.33	0.83	0.66	1.06	0.00
Norfund mezzanine loan	20.36	17.67	0.00	0.00	0.00
Finnfund mezzanine loan	13.56	11.78	0.00	0.00	0.00
FMO mezzanine loan	16.56	14.55	0.00	0.00	0.00
Other short term loans	3.47	2.73	0.35	0.00	0.00
Shareholder loans	8.67	0.00	2.25	0.99	0.73
	69.61	49.21	4.19	2.85	1.53
Total Borrowing	71.08	56.71	52.10	28.95	23.88

GRAS, with SHI, SHT and GRL as obligors signed two loans agreement in May 2009 (A loan and C Loan) with IFC. The size of the A loan is USD 10m of which USD 5m (TZS 6.6bn) was disbursed in 2010. The loan is denominated in USD and is secured against; assignment of lease and mortgage over the land comprising of GRL plantations, SHI sawmill and Sao Hill Transport, a first ranking fixed and floating charge over the assets of GRL, SHT and SHI, and pledges of all shares and assignment of Concessions. The principal is repaid Semi annually by equal installments over a period of 8 years which started July 15th 2010. The C loan contract (USD 8m loan, of which nothing has been disbursed) was cancelled in 2012. GRAS and SHI, SHT, GRL and GRL also signed a loan agreement with Norfund in 2010. The size of the loan is USD 7m out of which USD 3.5m (TZS 5.3bn) was disbursed in 2010 and the last USD 3.5m in January 2012. The loan is also denominated in USD, and has the same terms and conditions as the IFC A loan.

Two separate mezzanine loan agreements were signed with Norfund (USD15m) and Finnfund (USD10m) in August 2012 and an additional mezzanine loan agreement was signed with Financierings Maatschappij Voor Ontwikkelingslanden BV (USD 15m) in November 2013. The ordinary interest under Norfund and Finnfund loans is 14% p.a. accrued on the current outstanding principal amount (13.5% for FMO). The loans shall be repaid in full in one installment on 31 December 2018. As of 30 June 2016, USD 33.5m has been disbursed (2015: USD 33.5m).

NOTE 15 DEFERRED TAXES

Deferred Income tax is calculated using the actual tax rate of 30% in Mozambique, Tanzania and Uganda. In Norway, from 1st January 2016 the corporate tax rate is 25% (27% previously). In Mozambique (to date agreed for Lurio, but a similar agreement is imminent for Niassa), the processing operations are tax exempt for the first five years of operations, benefit from a 50% discount of the income tax for the 6th through the 10th year and 25% discount thereafter, according to article 48 in Law no. 4/2009 Code of Fiscal Benefits. For Lurio Green Resources the benefits are starting in 2017 and 2023 depending on the type of operations, resulting in long term tax rate of 22.5%.

Table 15.1 Deferred taxes

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
At start of the year	28.6	22.5	21.2	17.7	16.6
Charge to profit					
and loss account	3.3	10.2	2.8	3.4	1.6
Exchange differences	-4.1	-4.2	-1.5	0.1	-0.5
At end of the year	27.7	28.6	22.5	21.2	17.7

Table 15.2 Charge to profit and loss by country

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Tanzania	-3.3	5.0	0.1	2.5	5.3
Uganda	1.5	-0.9	2.6	0.4	4.2
Mozambique	5.0	6.1	0.1	0.5	0.0
	3.3	10.2	2.8	3.4	9.5

Deferred income tax assets and liabilities and deferred income tax credit in the profit and loss account are attributable to the following items:

Table 15.3 Deferred tax assets and liabilities

USD millions	30-Jun-16	Charged /credited to profit and loss	30-Jun-15	Charged /credited to profit and loss	30-Jun-14	Charged /credited to profit and loss	mths ended 30-Jun-13	Charged /credited to profit and loss	31-Dec-12
Deferred income tax liabilities									
Fair Value gains	30.9	-1.2	32.1	-4.2	36.3	6.9	29.4	-1.1	30.5
Exchange differences	4.6	2.1	2.5	2.5	-	-	-	-	-
Tax on asset revaluations	0.7	-0.5	1.2	1.2	-	-	-	-	-
Accelerated tax depreciation	1.4	0.9	0.4	0.4	-	-0.4	0.4	0.0	0.4
	37.6	1.3	36.3	0.0	36.3	6.4	29.8	-1.1	31.0
Deferred income tax assets									
Other timing differences	4.3	0.5	3.8	4.8	-1.0	-0.1	-0.9	0.2 -	1.0
Losses	-14.2	-2.7	-11.5	2.1	-13.6	-4.1	-9.5	0.6 -	10.1
Exchange differences	0.0	0.0	0.0	-0.8	0.8	-0.9	1.7	3.9 -	2.1
Tax losses									
brought forward	-25.1	-5.1	-20.0	-4.9	-15.0	-3.3	-11.8	-0.8 -	11.0
Tax losses , not recognised	25.1	5.1	20.0	4.9	15.0	3.3	11.8	0.8	11.0
	-9.9	-2.2	-7.7	6.1	-13.8	-5.1	-8.7	4.7	-13.3
Deferred income tax liability	27.7	-0.9	28.6	6.1	22.5	1.3	21.2	3.6	17.7

The group does not expect to utilise its deferred tax assets within the next 12 months.

NOTE 16 TRADE AND OTHER PAYABLES

Table 16.1 Trade and other payables

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Trade payables	4.5	3.7	2.3	3.0	3.5
Accrued expenses	6.2	4.1	4.2	1.0	1.0
Other payables	2.3	4.1	8.9	2.2	1.9
BAV Provision	0.0	0.0	9.6	0.0	0.0
Total	13.1	11.9	24.9	6.2	6.5

NOTE 17 RELATED PARTY TRANSACTIONS

A total of USD 368,631 was paid to Mads Asprem for services as CEO for the 12 months to June 2016 (June 2015: USD 400,735), of which USD nil was paid in the form of shares (June 2015: nil was paid in the form of shares) and USD 89,439 (June 2015: USD 104,763) was booked as service fees to Asprem Analytics Ltd, where Mads Asprem is the ultimate beneficiary. Chairman of the board, Age Korsvold received USD 110,000 in compensation for his services as Chairman in the year to June 2016 (June 2015: USD 55,000 for services as Chairman and USD 45,000 for services as Deputy Chairman).

Loans worth USD 8.6m were provided by shareholders in the 12 months to June 2016 (June 2015: USD 6.5m). Shareholder loans bore interest, were unsecured and ranked pari passu with all other unsecured and subordinated debt. The loans bore the right to conversion to equity in the event of a capital increase prior to the repayment date of the loan. In addition, all loans bore priority rights for the allocation of shares due to any oversubscription by the shareholder and the capital increase event. In August 2016, the company issued 170,000,000 shares (see note 22) and the outstanding shareholder loans were either repaid or converted to equity in this process. There were no other transactions with related parties during the year. The following are the balances with related parties at 30 June 2016.

Table 17.1 Related party liabilities

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Mads Asprem (New Africa and Asprem Analytics)	0.58	0.00	0.00	0.00	0.00

NOTE 18 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, the year-end bank and cash equivalents comprise the following:

Table 18.1 Cash and cash equivalents

USD millions	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	31-Dec-12
Bank and cash balances	0.33	3.83	16.30	2.39	2.20
Bank overdraft	-0.47	-0.44	-0.80	-1.38	-1.32
Total	-0.14	3.39	15.50	1.01	0.88

NOTE 19 INCORPORATION

The Company is incorporated in Norway as a private Company with limited liability.

NOTE 20 OWNERS

The company had issued 83,702,231 shares at the balance sheet date (June 2015: 83,702,231 authorized shares of which 77,593,102 were registered), distributed among shareholders including:

30th June 2016	Beneficial owne	Shares	%
Diversified International Finance		17,264,050	20.6%
New Africa/Asprem	Asprem	8,030,601	9.6%
Sundt AS		7,250,001	8.7%
Macama AS	Bohler	5,470,688	6.5%
Steinerud AS	Rygh	5,176,927	6.2%
The Resource Group TRG AS	Røkke	4,501,557	5.4%
Arepo AS		2,500,000	3.0%
Rybø AS	Bohler/Rygh	2,491,994	3.0%
Capricorn/IWC		2,352,406	2.8%
Høgset Holding AS	Høgset	2,124,300	2.5%
Melesio Capital AS		2,000,000	2.4%
Alden AS		1,974,994	2.4%
Lynch		1,917,154	2.3%
Verbena Investment Holding	Marangu	1,709,640	2.0%
Allinvest Unternehmens	Groller	1,699,890	2.0%
Vesteras Stift/ GSFI		1,668,424	2.0%
Wilhelmsen		1,566,703	1.9%
Home Capital AS		1,446,128	1.7%
Jotunfjell/Sognefjell/Olsen	Olsen	1,408,050	1.7%
Gluteus Medius AS	Bergesen	1,055,372	1.3%
Catilina Invest AS		1,000,001	1.2%
Nordic Discovery AS		987,497	1.2%
Kauffmann		845,195	1.0%
Niemelä		834,956	1.0%
Opplysningsvesenets Fond		792,549	0.9%
10 owners 250,000-549,999		3,319,119	4.0%
61 owners < 250,000		2,314,035	2.8%
Total		83,702,231	100.0%

Share issued and fully paid in the 12 months to June 2016, but not registered in Foretaksregisteret at 30 June 2016, were nil (30 June 2015: 5,848,153 shares).

NOTE 21 GRANTS

The group has received government grants of USD 251,900, (FY 15 USD 143,336) for dedicated renewable energy projects in Tanzania and the Fredskorpset "FK" programme in Mozamique. The grants are recognised once the grants are received, and are included under the operating income in the Profit & Loss statement. The dedicated renewable energy project in Tanzania is the construction and operation of a wood-briquetting plant. The FK programme supports the exchange of employees between companies operating in developing countries.

NOTE 22 EVENTS AFTER THE REPORTING PERIOD

In July 2016, the Board authorized a share capital reduction where the nominal value of the Company's share was reduced from NOK 5 to NOK 1 per share. In August 2016, the company issued 170,000,000 new shares with a par value of NOK 1 per share with a total book value of NOK 170 Million. All issued shares are fully paid as per the date of this report.

pwc

To the Annual Shareholders' Meeting of Green Resources AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Green Resources AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 30 June 2016, and the income statement and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet at 30 June 2016, income statement, statement of comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by EU and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements of the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position for Green Resources AS as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and present fairly, in all material respects, the financial position of the group Green Resources AS as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Emphasis of Matter

We draw attention to the Board of Directors' report where the Board of Directors informs that the group needs to obtain external financing on a regular basis to continue plantation operations and investments at current levels and where the Board of Directors informs that the mezzanine debt has been reclassified as short term debt on the basis that certain covenants in the loan agreement have been breached as of 30 June 2016. These conditions indicate the existence of uncertainty that may cast doubt about the group's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 November 2016
PricewaterhouseCoopers AS

Eivind Nilsen
State Authorised Public Accountant (Norway)

THIS PAGE IS INTENTIONALLY LEFT BLANK

Green Resources AS Financial Accounts 30 June 2016

Holding company income statement

NOK 000	Notes	Year ended 30-Jun-16	Year ended 30-Jun-15
Sales			
Other operating income		5.307	9.723
Total operating Income		5.307	9.723
Raw materials and consumables used			
Staff costs	2	4.883	4.784
Other operating expenses	3	85.033	13.589
Total operating expenses		89.916	18.373
Results of operations		- 84.609	- 8.650
Other financial income		-	-
Write down of investment in subsidiary		- 104.051	- 37.735
Other financial expense		- 88.825	- 138.177
Operating results before tax		- 277.485	- 184.562
Operating results		- 277.485	- 184.562
Results for the year		**- 277.485**	**- 184.562**
Transfers			
Other equity	6	- 277.485	- 184.562
Total		- 277.485	- 184.562

Holding company balance sheet

NOK 000	Notes	Year ended 30-Jun-16	Year ended 30-Jun-15
Non-current assets			
Fixed assets			
Investment in shares	11	998.164	1,102.244
Loans to group companies	10	316.837	329.016
Total Fixed assets		1,315.002	1,431.260
Current assets			
Other debtors		0.151	0.379
Total receivables		0.151	0.379
Bank deposits, cash in hand, etc	4	0.238	15.963
Total current assets		0.388	16.341
Total assets	1	**1,315.390**	**1,447.601**
Equity and liabilities			
Share capital	6	418.511	387.696
Share premium	6	959.059	951.410
Advance towards share capital	6	-	29.241
Other equity	6	- 635.398	- 357.912
Total equity	6	742.172	1,010.434
Non current liabilities			
Other long-term liabilities	8	-	-
		-	-
Short term loans		500.155	347.297
Trade and other payables		5.626	4.780
Loans from group companies	10	61.002	70.987
Public duties payable		0.203	0.352
Other short-term liabilities		6.231	13.752
Total current liabilities		573.217	437.168
Total liabilities		573.217	437.168
Total equity and liabilities		**1,315.390**	**1,447.601**

28th November, 2016

Age Korsvold
Chairman

Frode Alhaug

Mads Asprem

Heinrich Groeller

Erik Knive, CEO

Holding company cash flow statement

NOK 000	Notes	Year ended 30-Jun-16	Year ended 30-Jun-15
Profit before taxation		**- 277.485**	**- 184.562**
Adjustment for non-cash income items			
Provision for doubtful receivables interco		79.751	4.983
Shares impairment		104.051	79.715
Interest accrued not paid		61.913	43.099
Foreign currency (gains)/losses		23.287	-
Other non cash		9.252	-
Net cash after adjustments		**0.769**	**- 56.765**
Movement in working capital:			
Change in short term receivables/payables		- 7.292	9.638
Change in payables and accrued exp		0.697	3.243
Net cash used by operating activities		**- 5.826**	**- 43.884**
Investment activities			
Purchases of shares in subsidiaries		0.000	- 50.110
Loan to subsidiaries, net		- 77.557	- 57.568
Net cash outflow		**- 77.557**	**- 107.677**
Financing activities			
Issue of shares, incl advance towards share capital		-	146.113
Loans proceeds, net		67.658	20.034
Net cash inflow		**67.658**	**166.147**
Increase/(decrease) in cash and cash equivalents		- 15.725	14.586
Cash/cash equivalents start of year		**15.963**	**1.377**
Cash/cash equivalents at end of year		**0.238**	**15.963**

NOTES TO HOLIDING COMPANY ACCOUNTS

NOTE 1 ACCOUNTING PRINCIPALS

(a) Basis of Preparation

The annual report is set up in accordance to the laws of accounting and in accordance with good accounting practices and terms. Consolidated accounts are established, based on IFRS standards.
Financial assets are valued at cost, but written down to fair value when impairment is not expected to be temporary. Current assets are valued at the lower of cost and fair value.
Long- and short-term liabilities are recorded at nominal value at the time of establishment.

(b) Revenue Recognition

Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value added tax (VAT), rebates and discounts. Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
(ii) Interest income is recognised on a time proportion basis, using the effective interest method. Dividends are recognised as income in the period in which the right to receive payment is established.

(c) Translation of Foreign Currencies

(i) Functional and Presentation Currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The holding company Financial Statements are presented in NOK, which is the holding company's presentation currency. The group changed its presentation currency from NOK to USD as from Jan 1st 2013 to better reflect the group's exposure to USD through its Biological Asset valuation, and also to reflect that a significant portion of revenues and costs are influenced by or in USD.

(ii) Transactions and Balances

Foreign currency transactions are translated into NOK using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the Balance Sheet date, which are expressed in foreign currencies, are translated into the functional currency at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(d) Pension obligations

The company has defined contribution plans. A defined contribution plan is a pension plan under which the company pays a fixed contribution into a separate entity. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

(e) Income Tax

Income tax expense is the aggregate of the charge to the Profit and Loss Account in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the tax regimes that the individual entities in the Group operate. Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available, against which, the temporary differences can be utilised.

NOTE 2 EMPLOYEES REMUNERATION

Table 2.1 Employees remuneration

NOK 000	Year ended 30-Jun-16
Salaries and wages	2.643
Social security	0.184
Board fees	2.025
Other salary expenses	0.000
Pension cost - defined contribution plan	0.031
Total	4.883
Number of employees	1

There has been NOK 2,024,945 booked as compensation to the board members. The costs include USD 110,000 for Age Korsvold in position of Chairman of the Board.
A total of NOK 750,000 was booked as service fee to Asprem Analytics Ltd, where Mads Asprem is the ultimate beneficiary. There were no other transactions with related parties during the year.
The auditor has been paid the amount of NOK 530.000 (2015: NOK 580,000), ex VAT, for statutory audits and NOK 280,000 (2015: NOK 97,900) for other assistance. The company has established the obligatory pension security systems. The company operates a defined contribution plan, which includes one permanent employee at 30 June 2016. See Consolidated Notes, Note 1 (k).

NOTE 3 OTHER OPERATING COSTS

Table 3.1 Other operating costs

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Consultancy fees	3.014	4.967
Travel cost	0.882	1.053
DD/loan process costs	0.000	4.610
Office costs (rent, subscriptions, lease)	0.417	0.206
Insurance	0.263	0.125
Lurio AR Provision	79.751	0.000
Other costs	0.708	2.628
Total	85.033	13.589

NOTE 4 BOUND ASSETS

Of the company's bank deposits, NOK 102,099 are bound for tax purposes.

NOTE 5 SHAREHOLDERS' AND DIRECTORS' SHARE OWNERSHIP

Refer to Note 20 of the consolidated accounts. The total number of shares registered by VPS on 30.06.2016 was 83,702,231.

Board member and former CEO, Mads Asprem, holds 8,010,601 shares, including 7,935,752 shares through the company New Africa Ltd. The Chairman of the Board, Age Korsvold, controls 284,328 shares through Gyljandi AS. Board member Tom Vidar Rygh holds 5,176,927 shares through Steinerud AS. Board Member Heinrich Gröller holds 1,719,890 shares through Allinvest Unternehmensbeteiligungs GmbH. Board member Frode Alhaug holds no shares. Between year end and the signing of annual accounts Tom Vidar Rygh has resigned as Board member.

In connection with a USD 25 million mezzanine loan from two development banks, signed in August 2012, and a USD 15m mezzanine loan signed in November 2013 Green Resources has issued rights to subscribe to up to 72.3 million shares at

NOK 5 per share in the case Green Resources defaults on the loan agreement, or in the case the loan is not repaid at expiry. The mezzanine loan is a bullet loan where interest is accrued and the principal and accumulated interests are due for repayment on 31 December 2018. The number of subscription rights issued to the lenders has been determined by the potential maximum outstanding balance at that date. In the case of a default on the loan, Green Resources has the right to repay the loan within six months of the default before the lenders obtain a right to convert the loan to shares.'

NOTE 6 EQUITY

Table 6.1 Equity

NOK 000	Share equity	Share premium reserve	Other equity	Paid, not registered equity	Total equity
Equity 30/06/2014	303.803	918.431	-173.350	0.000	1048.883
Equity increase July 2014 -June 2015	83.893	32.979	0.000	29.241	146.112
This years result	0.000	0.000	-184.562	0.000	-184.562
Equity 30/06/2015	387.696	951.410	-357.912	29.241	1010.434
Equity 30/06/2015	387.696	951.410	-357.912	29.241	1010.434
Equity increase July 2015 -June 2016	30.816	7.649	0.000	-29.241	9.224
This years result	0.000	0.000	-277.485	0.000	-277.485
Equity 30/06/2016	418.511	959.059	-635.397	0.000	742.173

NOTE 7 INCOME TAXES

The company has an accumulated taxable deficit of NOK 487m (2015: NOK 314m) giving a tax credit of NOK 132m (2015: NOK 85m) which is not reflected in the current balance account. In Norway, from 1st January 2016 the corporate tax rate is 25% (27% previously).

Table 7.1 Income tax expense result for the year

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Taxes payable	0.000	0.000
Changes in deferred tax liability / tax assets	0.000	0.000
Income tax expense	0.000	0.000

Table 7.2 Calculation of deferred tax/deferred tax asset

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Net temporary differences	-	-
Tax losses carried forward	487.272	313.838
Total	487.272	313.838
25% deferred tax	121.818	84.736
Deferred tax assets not recognised	-121.818	-84.736
Deferred tax in the balance sheet	0.000	0.000

Table 7.3 Basis for income tax expense, changes in deferred tax and tax payable

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Profit/loss before income tax	-277.485	-184.562
Permanent differences	104.051	37.735
Basis for the tax expense of the year	-173.434	-146.827
Changes in temporary differences	0.000	0.000
Basis for tax payable in the profit and loss statement	-173.434	-146.827
'+/- Group contributions paid/received	0.000	0.000
Basis for tax payable liability	-173.434	-146.827

NOTE 8 BORROWINGS

The company had NOK 424.6mn of borrowings at the end of June 2016, up from NOK 347.3mn end June 2015.

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Norfund	170.694	139.476
Finnfund	113.744	92.965
FMO	138.836	114.855
Short term shareholder loans	76.881	-
Total	500.155	347.297
Of which share of long term debt with maturity after 5 years	-	-

In connection with a USD 25 million mezzanine loan from two development banks, the loan is a bullet loan where interest is accrued and the principal and accumulated interests are due for repayment on 31 December 2018. The number of subscription rights issued to the lenders has been determined by the potential maximum outstanding balance at that date. In the case of a default on the loan, Green Resources has the right to repay the loan within six months of the default before the lenders obtain a right to convert the loan to shares.

Green Resources signed a new mezzanine loan agreement with FMO (USD 15mn) in November 2013. The ordinary interest under the loan is 14% p.a. accrued on the current outstanding principal amount. The two mezzanine loan agreements Green Resources signed with Norfund (USD 15mn) and Finnfund (USD 10mn) in August 2012 have been amended to ensure the conditions and terms under the three agreements are aligned. Green Resources issued rights to subscribe to up to 98 million shares at NOK 5 per share in the case Green Resources defaults on the loan agreement, or in the case the loan is not repaid at expiry. The loans shall be repaid in full in one installment on 31 December 2018. As of 30 June 2016, USD 33.5m has been disbursed (2015: USD 33.5m).

NOTE 9 GRANTS

The group has received government grants of USD 251,900, (FY 15 USD 143,336) for dedicated renewable energy projects in Tanzania and the Fredskorpset “FK” programme in Mozamique. The grants are recognised once the grants are received, and are included under the operating income in the Profit & Loss statement. The dedicated renewable energy project in Tanzania is the construction and operation of a wood-briquetting plant. The FK programme supports the exchange of employees between companies operating in developing countries.

NOTE 10 INTERCOMPANY TRANSACTIONS AND BALANCES

As per June 30 2016 the Company had the following balances with subsidiaries:

Table 10.1 Intercompany transactions and balances

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
Busoga Forestry Co Ltd	5.333	4.799
Sao Hill Industries Ltd	26.802	13.300
Green Resources Ltd	40.845	24.568
Lindi Forest Company Ltd	0.201	-
F Del Cabo Delgado	0.895	-
Lurio Green Resources	60.829	117.706
Niassa Green Resources	11.708	13.595
Green Resources UK	40.513	28.131
Nortan AS	1.231	1.434
Chikweti Forests of Niassa SA	57.528	54.531
Companhia Florestal de Massangulo Lda	15.269	15.269
Tectona Forests of Zambézia Lda	32.121	32.121
Ntacua Forests of Zambézia Lda	23.561	23.561
Loans to group companies	316.837	329.016

NOK 000	Year ended 30-Jun-16	Year ended 30-Jun-15
GSFF AB	58.509	68.494
Sao Hill Transport Ltd	2.493	2.493
Loans from group companies	61.002	70.987

NOTE 11 INVESTMENT IN SHARES

Green Resources AS has through the accounting year been the major shareholder in the below listed companies.

Table 11.1 Investments in shares

Name of Subsidiary	Office location	Investment (NOK000)	Ownership %	Voting rights %
GSFF AB	Sweden, Stockholm	497,399	100%	100%
Africa Green Power Ltd	Tanzania	52	100%	100%
Busoga Forestry Company Ltd	Uganda	50,326	100%	100%
Florestal de Cabo Delgado SARL	Mozambique	-	100%	100%
Green Resources Ltd	Tanzania	245,179	100%	100%
Green Resources Mozambique SARL	Mozambique	-	100%	100%
Lango Forestry Company Ltd	Uganda	11,433	98%	98%
Lindi Forests Ltd	Tanzania	-	100%	100%
Lurio Green Resources SARL	Mozambique	-	100%	100%
Niassa Green Resources SA	Mozambique	31,690	88%	88%
Nortan AS	Norway	-	100%	100%
Sao Hill Agriculture	Tanzania	-	50%	50%
Sao Hill Energy Ltd	Tanzania	-	100%	100%
Sao Hill Industries Ltd	Tanzania	137,163	100%	100%
Sao Hill Transport Ltd	Tanzania	24,922	96%	96%
Tanga Forests Ltd	Tanzania	-	100%	100%
Sum		**998,164**		

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

In July 2016, the Board authorized a share capital reduction where the nominal value of the Company's share was reduced from NOK 5 to NOK 1 per share. In August 2016, the company issued 170,000,000 new shares with a par value of NOK 1 per share with a total book value of NOK 170 Million. All issued shares are fully paid as per the date of this report.